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FURTHER ON LI XIANNIAN VISIT TO CANADA, U.S.

Li Talks to Press

HK111205 Beijing ZHONGGUO XINWEN SHE in Chinese 0840 GMT.11 Jul 85

[Text] Beijing, 11 Jul (ZHONGGUO XINWEN SHE) -- President Li Xiannian today expressed indignation of two resolutions on China's population problem passed by the U.S. House of Representatives. He hoped that this would not affect his coming visit to the United States. He expressed the above view while answering overseas reporters at the airport of the capital before his departure for Canada and the United States.

Li Xiannian said: It has just been learned that the U.S. House of Representatives passed two resolutions on China's population problem, which are entirely based on mudslinging. The Chinese people are very indignant. We will not allow interference in China's internal affairs. He said: I wonder whether President Reagan is aware of the matter. I hope it will not affect my forthcoming visit, which is aimed at "mutual understanding, friendship, and peace" and is intended to promote bilateral relations.

Li Xiannian's answers to reporters' questions were as follows:

Question (by reporter of Canadian television station): There are no major problems in Sino-Canadian relations. During President Li's visit to Canada, is China prepared to do some business in the economic and trade fields, such as buying technology from Canada or asking Canada to buy more Chinese goods?

Answer: I have said that my visit is aimed at enhancing mutual understanding. This is the first time that I shall visit North America. On the one hand I hope I can understand more; on the other hand, just as you said, there is no conflict of political interests between China and Canada. In recent years good progress has been made in Sino-Canadian trade. It is hoped that the two countries will tap potential in the economic field to increase bilateral trade, and that Canada will increase competitiveness in world markets.

Question (by reporter of THE WALL STREET JOURNAL): Vice Premier Li Peng, what results do you hope for from the trip?

Answer by Li Peng: Your question is too abstract. As a member of President Li's entourage, what President Li expects to attain is just what I do. (laughter from audience).

Question (by UPI reporter): China and the United States initialed an agreement on the peaceful use of nuclear energy in April 1984. Do you think that the agreement will be officially signed during your visit to the United States?

Answer: Our Vice Premier Li Peng is very clear on the matter, but I can say something about it. During President Reagan's visit to China last year, he and Premier Zhao Ziyang initialed an agreement on the peaceful use of nuclear energy. We may say that we have done what we should, we do not owe anything. Now it is all up to the United States.

Question (by AP reporter): President Li, does the Taiwan issue remain a problem between China and the United States? Do you have any new information concerning the Taiwan issue to tell President Reagan when you visit the United States?

Answer: The biggest obstacle in relations between China and the United States of America is just the Taiwan issue. Taiwan is PRC territory; our goal is to reunify Taiwan peacefully. Any proposal of "one Taiwan and one China, or two Chinas" will be absolutely unacceptable to the Chinese people.

LIAOWANG Cited on Visit

HK111120 Beijing XINHUA Hong Kong Service in Chinese 0835 GMT 11 July 85

[Report: "LIAOWANG on the Significance of President Li Xiannian's Visit to Canada and the United States"]

[Text] Beijing, 11 Jul (XINHUA) -- A signed article in issue No 28 of LIAOWANG, to be published on 15 July, points out that the current visit of China's President Li Xiannian to Canada and the United States is of great significance for promoting mutual understanding between China and Canada and the United States and for further developing relations of friendship and cooperation and maintaining world peace.

This article, titled "Seeking Friendship, Cooperation, and Peace," points out that the relations between China and Canada have a long history. Since the establishment of diplomatic relations in 1970, the relations between the two countries have steadily developed. Considerable progress has been made in such fields as the exchange of personnel, economic trade, scientific, technical, and cultural cooperation, and so forth. Bilateral trade last year reached \$1.4 billion. Canada ranked as China's fifth largest trade partner.

The article says: "Although China and Canada are separated by a distance of 10,000 li, the vast Pacific links the two countries. There is no conflict of interest between the two countries, nor is there any unsolved problem of major proportions between them. They have identical or close views on many international issues. Canada's positive attitude toward easing relations between East and West and maintaining world peace, and its stand stressing the development of relations with Central America and supporting the Contadora Group's proposals win praise from China. Canada's concern over the improvement of South-South relations and its attitude favoring the proper settlement of debts involving developing countries are also welcomed by Third World countries. Both China and Canada hope that they can pursue their construction efforts in a peaceful international environment. On his current visit, President Li will meet with old friends in Canada and get acquainted with Mulroney and other new Canadian leaders. Based on their current status, the relations between China and Canada will definitely be further cemented and the relations of friendship and cooperation will be further consolidated and developed."

The article points out that between the people of China and the United States there is a long history of friendly exchanges and also a period of separation of many years. Sino-U.S. relations have traveled a tortuous road. After the establishment of diplomatic relations in 1979, with the common efforts of both sides, the relations between the two countries showed spectacular progress.

Chinese leaders Deng Xiaoping and Zhao Ziyang visited the United States. President Reagan and other leaders visited China. This increased mutual understanding and helped the development of relations between the two countries. In the past few years, cooperation and exchanges between the two countries in economic, cultural, scientific, technical, and other fields have shown continuous expansion. Last year witnessed a big increase in Sino-U.S. trade. The volume of bilateral trade set its highest record in history, reaching \$6.1 billion. The United States ranked as China's second largest trading partner (after Japan). The pace of industrial and technical cooperation also accelerated. U.S. private investments in China jumped to exceed the investments of all other countries in China, reaching more than \$1 billion. At present more than 150 U.S. companies have offices in China. China has also established a large number of enterprises in the United States. It is expected that there will be more breakthroughs in the volume of economic trade between the two countries this year.

The article says: "However, it cannot be denied that difficulties and obstacles remain in the relations between the two countries. The development of Sino-U.S. relations is far short of the proper level. The greatest obstacle of all is the Taiwan issue. With the Taiwan problem unsolved, there cannot possibly be lasting and steady relations between China and the United States. Our government has made the greatest efforts to seek a peaceful solution of the Taiwan problem and put forth the idea of 'one country, two systems.' We firmly believe that the Chinese people on both sides of the strait will sooner or later accomplish the great cause of reunification of the motherland. We hope that the United States will adhere to the "one China" policy and remove all obstacles standing in the way of the development of Sino-U.S. relations. There is great potential for expanding economic trade and technical cooperation between both sides. Still, many problems remain. Only after the United States changes its inappropriate legislation against China and its prejudices and restrictions against China in regard to imports and exports, the transfer of technology, and so forth, and takes actual steps regarding these, can bilateral economic trade and technical cooperation between China and the United States reach a new stage."

SOVIET SPOKESMAN DENIES 'SOFTENING' ON STAR WARS

OW110806 Beijing XINHUA in English 0713 GMT 11 Jul 85

[Text] Geneva, July 10 (XINHUA) -- The Soviet Union denied today a U.S. newspaper report that its delegation at the Geneva arms control talks had indicated a willingness to accept an arms treaty allowing research on the U.S. Strategic Defense Initiative known as the "star wars" program.

"The article by (NEW YORK TIMES national security correspondent) Leslie Gelb ... as well as the articles and reports of a similar content which have appeared in other newspapers do not reflect the actual state of affairs at the negotiations," said Valeriy Artemov, a spokesman and adviser of the Soviet delegation. Artemov read the brief statement to reporters at a press conference at the Soviet mission to the United Nations.

Gelb's article was published in THE NEW YORK TIMES on July 9 and appeared a day later in the INTERNATIONAL HERALD TRIBUNE. The article quoted high-ranking officials as saying that Soviet negotiators in Geneva informally told their American counterparts two weeks ago that Moscow would no longer seek a ban on all research, but wanted to draw a line between laboratory and scientific research, which would be allowed, and development and testing, which would be banned.

U.S. State Department press officer Robert Smalley dismissed the article yesterday as based more on "wishful thinking than reality."

The U.S.-Soviet arms control talks have been deadlocked over the star wars program. The Soviet Union has said its objective is to stop the program and prevent an arms race in space.

SWEDISH PAPER INTERVIEWS PRC EXPERTS ON SUPERPOWERS

PM051443 Stockholm DAGENS NYHETER in Swedish 28 Jun 85 p 13

[Harold Hamrin dispatch: "Both Superpowers Equally Dangerous"]

[Text] Beijing -- In a low one-story building in a narrow alley in Beijing I met a Chinese who does not exist. His name is Shi Wuqing. He has written an essay the thrust of which is that the threat to world peace today comes equally from the United States and the Soviet Union. Both superpowers are striving for world domination. But Shi Wuqing does not exist.

"You asked to meet Shi Wuqing," Chen Kaizeng said with a broad smile. "He does not exist, but here we are." Chen Kaizeng gestured toward his research colleagues in the room.

The essay "The Superpowers Achieve Military Balance" was written by Shi Wuqing. It attracted a certain amount of attention when it was published at the beginning of this year, first in the Chinese-language GUOJI WENTI YANJIU and later in the English-language BEIJING REVIEW. But this essay was written under a pseudonym. Chen Kaizeng explained the the name came from the Chinese expression shi wu qing. "In translation this means 'people who are historians of military affairs,'" Chen Kaizeng said and broke into another smile. "That is exactly what we are."

Chen Kaizeng himself held the pen when the article was born, but there were several shi wu qing who made contributions of thoughts and views. Some of these "people who are historians of military affairs" were gathered in the low house in the narrow alley in Beijing. The house belongs to Beijing's Institute for International Strategic Studies.

The meeting with shi wu qing was not an "interview." It was given the title of "discussion." The conversation lasted 4 hours and the Swedish reporter was expected to contribute his view of Swedish foreign policy and the two superpowers' policies in the Nordic area. The meeting ended with a dinner lasting 2 hours and 12 dishes. Shi wu qing were also "people who love good food and good jokes."

In the essay "The Superpowers Achieve Military Balance" there are two key sentences. The one reads: "Military strength is the decisive factor in the competition between the superpowers and it is also the instrument both use to pursue their global strategy." The other reads: "An approximate military balance can be expected to exist between the Soviet Union and the United States at least for the remainder of the 1980's."

Not particularly controversial conclusions, as someone who has followed the international security policy debate in the last few years will probably think. But in China, where every word is carefully weighed, these two sentences reflect a changed view of world politics and conditions -- changed in comparison with the view prevalent during the 70's.

As recently as 2 or 3 years ago things sounded different. Then the Soviet Union was the major villain in world politics. The Soviet Union was the source of the "primary threat" to China and to world peace. The Soviet Union was the more dangerous of the two "hegemonist" powers, the one closest to realizing its ambitions for "world domination."

Or, as Shi Wuqing wrote in the essay on the military balance between the superpowers: "The Soviet Union grew from a position of relative inferiority during the first postwar years to a position of relative equality. Then, during the late 70's the Soviet Union actually assured itself of a superior rate of growth." Consequently the Soviet Union became the foremost "hegemonist" power in the world, the great danger to world peace that China had to help stop to the best of its ability.

"During the mid-70's and for a number of years thereafter the Soviet Union adopted an offensive posture," said Yao Wenbin, another researcher at the Institute for International Strategic Studies and one of Shi Wuqing. "It is enough to recall the Soviet Union's policy in Angola and the invasion of Afghanistan. The United States on the other hand adopted a relatively defensive posture."

However, with the election of Ronald Reagan to the U.S. presidency, the situation began to change. The United States once again threw itself vigorously into the arms race. "And the United States invaded Grenada," Yao Wenbin said. "And we also consider that the United States is pursuing a hegemonist policy in the Middle East and in Central America."

Other members of the Shi Wuqing group add that "China's policy is an independent policy." China judges the superpowers by their actual deeds and is not afraid of criticizing first one and then the other. At the base of both U.S. and Soviet actions on the world stage lies one and the same attitude to world politics: Influence and power rest on military strength and the goal of both is to achieve military superiority.

"In the mid-70's the Soviet endeavors to achieve military superiority were most obvious," Yao Wenbin said. "The only reason why the country is now saying that it seeks parity is because it now has economic problems." The same is true of the United States, although with a 10-year difference. "In reality both the United States and the Soviet Union are striving for superiority. Neither has abandoned its desire for global hegemony."

Thus China's analysis of world politics can be said to have passed through three phases since the 1949 revolution. During the 50's and 60's "imperialism" (the United States) was the greatest danger to world peace. In the late 60's and in the 70's the threat came primarily from "socialist imperialism" (the Soviet Union). Today it is the rivalry between the two superpowers that represents the "primary threat."

A more detailed analysis of the military balance between the United States and the Soviet Union, between West and East, gives the following version of reality, according to the Shi Wuqing group. In the field of strategic nuclear arms the United States and the Soviet Union have "approximate balance." Neither side could crush the other with a first strike. In the field of medium-range missiles, NATO has a certain headstart if you include the British and French nuclear arms in the calculations. The Soviet Union has more ground forces than the United States, but the United States is at least able to offset this partially with better combat leadership and more advanced technology. The Soviet Air Force has more aircraft, but the U.S. warplanes are technically superior. The United States has a superior Navy, but the Soviet Union is making progress in this field. And the conclusion: Neither the United States nor the Soviet Union has the economic or technological prerequisites to achieve a "breakthrough" in the prevailing situation of equality. There is an "approximate military balance" -- and it will persist for the foreseeable future.

The change in China's views of the two superpowers has taken place at a time when the country has begun a cautious thaw in relations with one of the two superpowers -- the Soviet Union. The change is also reflected in a number of new stances in various fields. During the 70's China took the view that a world war was practically inevitable. Today it is said that the likelihood of a war during the 80's or later "is not great."

In 1979, China declared that the SALT II agreement between the United States and the Soviet Union on strategic nuclear arms was not worth the paper it was written on. Now China takes a positive view of nuclear arms negotiations between the superpowers. Chen Kaizeng, one of the Beijing institute's shi wu quing, told DAGENS NYHETER, for example, that: "We hope that the two sides will achieve progress in the Geneva negotiations, because this would be constructive for the international situation."

As recently as the early 80's China was warning that the peace movement was splitting the West's will to defend itself. Now it says that the peace movement must be taken seriously as an expression of deeply rooted feelings. In the 60's China refused to sign the nuclear nonproliferation agreement. Now China stresses the importance of the knowledge that comes with civilian nuclear power programs not being allowed to result in the spread of nuclear arms to new states.

All this is the expression of a new Chinese foreign policy profile. For the last couple of years China has been openly stressing its position of equidistance from the two superpowers. "Freedom of action" and "independence" in the face of the U.S.-Soviet rivalry are today the two key words when China defines its foreign policy line of action.

CHEN MUHUA HEADS DELEGATION TO WOMEN'S CONFERENCE

OW110758 Beijing XINHUA in English 0746 GMT 11 Jul 85

[Text] Beijing, July 11 (XINHUA) -- A Chinese delegation led by State Councillor Chen Muhua left here for Nairobi, capital of Kenya, this morning to attend the world conference to review and appraise the achievements of the United Nations Decade for Women.

Upon her departure, Chen Muhua, who is also an alternate member of the Political Bureau of the Chinese Communist Party Central Committee, told reporters that the delegation was going in the hope of enhancing friendship, learning from each other, promoting international cooperation and safeguarding world peace.

"The Chinese delegation," she said, "will get together with delegates from various countries of the five continents and jointly appraise the achievements of the U.N. Decade for Women (1976-85) and discuss such major issues of concern to the women of the world as equality, peace and development."

She hoped that efforts by the participating delegates in the spirit of consultation and understanding would ensure success of the conference. The Chinese delegation would contribute to this effort she said.

Among those seeing the delegation off were Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Women's Federation; Vice-Foreign Minister Zhou Nan; and Kenyan Ambassador to China J.S. Odanga.

Huang Ganying, deputy head of the delegation, left here on July 4 to attend preparatory sessions of the conference. Wei Yongqing, another deputy head of the delegation and Chinese ambassador to Kenya, is already in Nairobi.

HOUSE AMENDMENT REPROVES PRC POPULATION POLICY

OW111545 Beijing XINHUA in English 1531 GMT 11 Jul 85

["U.S. House of Representatives Attacks China's Population Policy" -- XINHUA headline]

[Text] Washington, July 10 (XINHUA) -- The U.S. House of Representatives Wednesday adopted an amendment to the country's foreign aid bill, which attacks China's population control policy. The amendment, sponsored by Representative Christopher Smith, alleges that China has "systematically employed coercive abortion and coercive sterilization as a means of enforcing that government's 'one-child-one-couple' policy."

Another Smith proposal adopted by the House gives President Ronald Reagan authority, if he chooses to exercise it, to deny U.S. funds to organizations that perform or actively promote abortion as a method of family planning.

Observers here said that it is an unfriendly act and a rude interference in China's internal affairs for the U.S. House of Representatives to misinterpret China's population policy and adopt a proposal accordingly.

In an article published in WASHINGTON POST Monday, former U.S. diplomat Marshall Green pointed out that China's population control policy is a necessity for the country's development and China has adopted a wide range of social and economic measures to stabilize its population growth. "The American debate over China's population policy," said Green, "touches on a very sensitive issue of national sovereignty and could undermine relations between our two nations."

STATE OFFICIAL ARMACOST ON PRC ECONOMIC ADVANCES

OW120050 Beijing XINHUA in English 0035 GMT 12 Jul 85

["U.S. Under-Secretary of State on China's Economic Developments and Reforms" -- XINHUA headline]

[Text] Washington, July 11 (XINHUA) -- A senior U.S. State Department official has said that a strong Chinese economy is "in the interest of Asia as a whole" and that a China able to deter aggression can promote stability and peace in the region. In a speech Tuesday before the American Bar Association on recent economic developments and reforms in China, Michael Armacost, under-secretary of state for political affairs, said that "by any measure, Beijing's economic reforms of the past six years represent one of the boldest and most far-reaching attempts to restructure a major economy anywhere in the world."

He said that since the Third Plenum of the 11th Central Committee of the Communist Party of China in 1978, China has pursued "a mixed economic system that retains socialist principles, yet guided in important respects by market forces."

China is seeking to increase its agricultural and industrial productivity by reducing waste and inefficiency, and it has chosen to do so by encouraging the creativeness and ingenuity of its citizens, he said. "Hand-in-hand with internal reform has come an opening of the Chinese economy to the outside world, and the Chinese have taken steps to make foreign investment more attractive," he added.

Although the reforms will not produce a panacea for all of China's problems, the under-secretary observed, they have attained "a substantial measure of success." "Dramatic improvements have already been realized in agriculture. China is not only able to feed its enormous population, but is an impressive exporter of key agricultural products to Asia and the world."

Most importantly, he said, in China there are now "wider range and availability of consumer goods, the expanded opportunities for entrepreneurial activity, and other material benefits of reform which are welcomed and supported by the vast majority of the Chinese population."

He noted that although China has been vigorously pursuing reforms, it has "by no means abandoned socialism" and its economy will continue to be planned. "It will continue to be marked by state ownership of major industries, while providing wider scope for private initiative. It will be self-reliant, but not self-sufficient, and thus will be more open to foreign trade and foreign investment."

He said China's economic reforms "have an important impact on its political and economic role in the world -- especially in Asia." "We believe an economically strong and modernizing China is in our interest and in the interest of Asia as a whole. We believe that a China capable of effectively deterring external aggression can play a positive role in the search for regional stability and peace."

He also said that the agreement reached between China and Britain on the future of Hong Kong, which embodies detailed legal provisions and a prolonged period of transition, "has inspired renewed confidence in the future of Hong Kong, not least among businessmen and lawyers."

"A revitalized China, open to the outside world, offers enormous promise and enormous challenges. We must approach that challenge bearing in mind China's interests as well as our own," he concluded.

FURTHER REACTION TO JENKINS TEXTILE BILL

Bill Invites 'Retaliation'

OW101647 Beijing XINHUA in English 1634 GMT 10 Jul 85

[Text] Hong Kong, July 10 (XINHUA) -- The U.S. Jenkins bill will invite rapid and damaging retaliation against U.S. exports if ratified, the local press today quoted a senior Hong Kong official as saying. Trade and Industry Secretary Eric Ho told visiting U.S. congressmen here on Monday that the bill "is fundamentally bad, bad for the United States, bad for many friends of the United States and bad for world trade." The bill seeks to impose further restrictions on textile imports from many developing countries.

Ho said that if developing countries could not earn foreign currency, they could not spend it or use it to service their debts. He said it was discriminatory because the restrictions would not apply to Canada or the European Economic Community. It would exacerbate existing friction in the relations between developed and developing countries.

Stressing the importance of textiles and garments to Hong Kong, Ho said the Jenkins Bill "would hit Hong Kong, which is unjust and unjustifiable."

Hong Kong's imports from the U.S. had grown at an average of 13 percent per year between 1974 and 1984. U.S. imports last year represented about 570 U.S. dollars per person, he said. The U.S. provided the largest source of overseas investment in the local manufacturing industry, accounting for 54 percent of total overseas investment. More than 120 factories were wholly or partly owned by U.S. interests, employing 40,000 workers -- over 4 percent of Hong Kong's industrial workforce. Sales of these concerns in 1983 amounted to 1.7 billion U.S. dollars -- nearly 10 percent of Hong Kong's domestic exports that year.

Ho declared that Hong Kong was "not a little bewildered, because we have a completely open economy... and yet your actions seem targetted at us." However, he reaffirmed Hong Kong's commitment to maintaining its open-market policies and excellent commercial relations with the U.S.

According to earlier news reports, Hong Kong General Chamber of Commerce Director J.D. McGregor, Acting Director of Trade Donald Tsang and Assistant Trade Director Robert Footman strongly criticised the controversial bill. China warned on Monday that the bill could seriously jeopardize Sino-U.S. trade relations if ratified.

Export Decline Downplayed

OW110446 Beijing XINHUA in English 0250 GMT 11 Jul 85

[Text] Hong Kong, July 11 (XINHUA) -- The one percent drop in Hong Kong garment exports to the United States in the first four months this year was "not so dramatic" considering the "exceptional" 36 percent growth last year, the local press reported today.

The spokeswoman of Hong Kong trade development council's "Casual Apparel Show" scheduled for next January was quoted as saying that garment exports account for 35 percent of Hong Kong's total domestic exports.

Garment exports to the U.S. have risen slightly in 1985. The decline was accounted for by sales to Western Europe and Japan, perhaps reflecting the strength of the Hong Kong dollar, she said.

The future of Hong Kong's garment industry, she said, depended on export market economics, U.S. demands, exchange rates and protectionism.

If the Jenkins bill which proposes to cut U.S. textile imports from developing countries was passed in its present form, she said, the loss of Hong Kong exports to the U.S. would reach 20-30 percent, of which 13 percent were Multifibre Agreement (MFA) products.

Garments (including apparel and clothing accessories) accounted for one third of Hong Kong's domestic exports, valued 6 billion U.S. dollars last year.

The garment industry employs roughly one third of Hong Kong's workforce.

YAO YILIN VISITS USSR OFFICIALS, DISCUSSES TRADE

Yao, Tikhonov Hold Meeting

OW111442 Beijing XINHUA in English 1430 GMT 11 Jul 85

[Text] Moscow, July 11 (XINHUA) -- Nicolay Aleksandrovich Tikhonov, chairman of the Council of Ministers of the USSR, met visiting Chinese Vice-Premier Yao Yilin and senior members of his entourage at the Kremlin here this afternoon.

Soviet First Deputy Premier Ivan V. Arkhipov was also present during the meeting.

Discuss Trade, Normalization

OW120244 Beijing XINHUA in English 0232 GMT 12 Jul 85

[Text] Moscow, July 11 (XINHUA) -- Chinese Vice-Premier Yao Yilin said here today that China is pleased with the recent rapid development of Sino-Soviet economic and trade relations through the common efforts of the two countries.

But he also said that three obstacles still exist in the way of the normalization of political relations between the two countries.

Yao Yilin made the statement during a meeting here with Nicolay Tikhonov, chairman of the Soviet Council of Ministers. He reaffirmed China's position to wipe out these obstacles and to normalize the Sino-Soviet relations.

Tikhonov once more expressed Soviet willingness to normalize the Soviet-Chinese relations. He also reiterated Soviet positions on contemporary international affairs and the normalization of the Soviet-Chinese relations.

During the meeting, Yao conveyed to Tikhonov the best regards from Chinese Premier Zhao Ziyang.

On Tuesday, Yao visited a factory, a living quarter and an exhibition in Moscow during the day. He viewed Moscow on a 337-meter-high T.V. tower in the evening.

DPRK NEWSPAPERS MARK TREATY ANNIVERSARY WITH PRC

OW111034 Beijing XINHUA in English 0820 GMT 11 Jul 85

[Text] Pyongyang, July 11 (XINHUA) -- Korean newspapers today carried articles marking the 24th anniversary of the signing of the Korean-Chinese treaty of friendship, cooperation and mutual assistance.

In a signed article entitled "Daily Consolidating and Developing Friendship," NODONG SINMUN stressed that the signing of the treaty on July 11, 1961 was "an expression of the firm determination of the two peoples to go through thick and thin together, at all times."

During the past 24 years, the article noted, "the Korean and Chinese peoples have scored great successes in the revolution and construction, supporting and cooperating with each other in the spirit of the treaty."

It said that exchanges of visits by leaders of the two countries in recent years "deepened fraternal comradeship and comradely sense of obligation and provided a firm guarantee for bringing the Korea-China friendship to a new high stage."

Another newspaper MINJU CHOSON said in an article that Korean-Chinese friendship is a guarantee for promoting socialist construction of the two countries and for safeguarding peace in Asia and the world as a whole.

GU MU MEETS JAPANESE TECHNICAL DELEGATION

OW111624 Beijing XINHUA in English 1535 GMT 11 Jul 85

[Text] Beijing, July 11 (XINHUA) -- State Councillor Gu Mu met and had a cordial conversation with a Japanese delegation of telecommunications and technical cooperation here today.

The delegation is led by Shogo Oki, council member of the Special Committee for Foreign Affairs and Security Protection under the Japanese House of Councillors and chairman of the Committee for International Economic Affairs.

The delegation arrived here July 9 at the invitation of the All-China Federation of Trade Unions and the China Workers' International Exchange Center.

ASEAN MINISTERS ISSUE STATEMENT ON CAMBODIA

OW101015 Beijing XINHUA in English 0934 GMT 10 Jul 85

[Text] Kuala Lumpur, July 10 (XINHUA) -- Foreign ministers participating in the 18th ASEAN ministerial meeting voiced their views on a solution of the Kampuchean problem in a communique issued at the closing session Tuesday.

The communique says that during the meeting, the foreign ministers reviewed the situation in Kampuchea and expressed their deep concern at the continued illegal occupation of Kampuchea by Vietnamese military forces which posed a serious threat to peace and stability of Southeast Asia.

The foreign ministers reiterated their call for a comprehensive political settlement in Kampuchea which would have as its primary objective the restoration of the independence and sovereignty of Kampuchea following total withdrawal of foreign forces, the exercise of self-determination and the achievement of national reconciliation in Kampuchea, the communique says.

The foreign ministers deplored Vietnam's recent dry-season offensive along the Thai-Kampuchean border which had resulted in untold hardship and suffering for hundreds of thousands of displaced Kampucheans who had been compelled to seek refuge in Thailand. They noted with concern the particular severity and scope of the offensive and expressed deep regret and disappointment at Vietnam's persistent pursuit of a military solution in Kampuchea, the communique says.

The foreign ministers expressed their serious concern over the fact that in carrying out the offensive, Vietnamese troops had committed recurrent acts of unprovoked aggression along the Thai-Kampuchean border in blatant disregard for and open violation of Thailand's sovereignty and territorial integrity, which has not only resulted in casualties and deaths among innocent Thai villagers living along the border, but also exacerbated tension in the region. They reiterated their call for Vietnam to desist from launching these provocative actions and urged the international community to continue to prevail upon Vietnam to refrain from further conducting similar actions, it adds.

The communique says, the foreign ministers expressed full support for Thailand's exercise of her legitimate right of self-defense and reaffirmed their solidarity with the government and people of Thailand in the face of such external provocations.

The foreign ministers were of the view that Vietnam's latest so-called annual partial withdrawal of its troops from Kampuchea in April 1985, which in fact had been mere troop rotation, was another attempt by Vietnam to mislead the international community, the Kampuchean people and Vietnamese people.

The foreign ministers noted with serious concern the oppressive conditions under which the Kampuchean people have to live under Vietnamese occupation, especially the practice of compelling civilians to work in the war zones which had caused numerous casualties. They are also concerned about the on-going process of Vietnamization of Kampuchea, the communique goes on.

The foreign ministers reaffirmed their support for the Coalition Government of Democratic Kampuchea under the presidency of Samdech Norodom Sihanouk whose continued leadership is an important and crucial factor in the struggle of the Kampuchean people to restore their country as an independent, sovereign, neutral and non-aligned nation. They also reaffirmed their support for President Samdech Norodom Sihanouk's call for national reconciliation among all the Kampuchean factions as a positive and constructive approach towards realizing the objectives of self-determination, independence, sovereignty and unity of the Kampuchean people.

The foreign ministers noted the increasing cooperation, unity and solidarity among the component parties of the Coalition Government of Democratic Kampuchea on all fronts in their struggle to liberate their country from Vietnamese occupation. They were particularly gratified at the steady growth and high state of morale of the resistance forces which in spite of the Vietnamese dry-season offensive are enjoying growing support from the Kampuchean people. They have also enhanced coordination of their actions in the field and have continued to cause serious disruption to the Vietnamese occupation forces, the communique says.

The foreign ministers were equally gratified and expressed deep appreciation for the ever-increasing support given by the international community to the struggle led by the Coalition Government of Democratic Kampuchea under the presidency of Samdech Norodom Sihanouk.

The foreign ministers urged the international community to give greater support to the struggle of the Coalition Government of Democratic Kampuchea. The foreign ministers reaffirmed their intention to continue close consultations with all friendly countries on constructive approaches which would reinforce international efforts to achieve a comprehensive political settlement of the Kampuchean problem, the communique continues.

The joint communique says that the foreign ministers expressed their appreciation to the president of the International Conference on Kampuchea [ICK], His Excellency Willibald Pahr, for his efforts towards the implementation of the objective of the ICK declaration and resolution.

The foreign ministers also expressed their deep appreciation for the efforts of the United Nations secretary-general to find a comprehensive political settlement of the Kampuchean problem in accordance with the relevant United Nations General Assembly resolutions, it says.

The joint communique notes that the foreign ministers reviewed the diplomatic efforts of ASEAN in search for a comprehensive political solution to the Kampuchean problem. In continuing to pursue a military solution, Vietnam has not indicated any genuine desire for a negotiated and peaceful settlement as called for by the overwhelming majority of countries at the United Nations. All the proposals of Vietnam have been thoroughly examined by ASEAN which found them to be variations of Vietnam's well-known positions and preconditions that have not contributed towards the comprehensive political settlement of the Kampuchean problem.

The joint communique says that the foreign ministers were determined to continue their efforts in seeking a comprehensive and lasting political solution of the Kampuchean problem as envisaged by the international community. It says that in pursuit of this objective the foreign ministers issued a joint statement on 8 July 1985, calling upon Vietnam to accept the reality and strength of the Coalition Government of Democratic Kampuchea and urged Vietnam to talk with the CGDK which might take the form of indirect or proximity talks which could be attended by representatives of Heng Samrin as part of the Vietnamese delegation.

Referring to Thai-Lao border incidents, the joint communique says: "The foreign ministers welcomed the measures taken by Thailand to ease the tensions that had arisen as a result of the Thai-Lao border incidents last year and to restore goodwill and understanding in her relations with Laos. They welcomed Thailand's continued adherence to the policy of resolving differences with Laos in the spirit of amity and good neighborliness, without interference by outside powers."

ZHAO ZIYANG RECEIVES FRENCH YOUTHS IN BEIJING

OW111632 Beijing XINHUA in English 1622 GMT 11 Jul 85

[Text] Beijing, July 11 (XINHUA) -- Premier Zhao Ziyang tonight hailed the arrival here today of 438 French youngsters as a "great event" in the development of friendship between France and China.

He was speaking at a reception in the Great Hall of the People for the youth delegation, who completed a nine-day rail journey from Paris to start a 10-day visit at the invitation of the All-China Youth Federation.

Premier Zhao said that the sound and friendly relationship between China and France was of benefit not only to both countries but to world peace, the pursuit of which lay in the hands of young people.

He was warmly applauded by the visitors, who had been welcomed earlier by Liu Yandong, president of the All-China Youth Federation, officials from the Railways Ministry and the State Education Commission and hundreds of Chinese youngsters.

Also present at tonight's reception were Chinese party and government leaders Hu Qili, Gu Mu and Yan Jici.

Liu Yandong said that the youth get-together would add a new chapter to the history of friendship between young people of the two countries.

Claude Quenault, head of the French delegation and technical counselor to the Ministry of Youth and Sport, said that the current United Nations International Youth Year had provided them with a good opportunity to meet and exchange ideas with Chinese youngsters.

DENG LIQUN MEETS GREEK PARTY DELEGATION

OW101630 Beijing XINHUA in English 1620 GMT 10 Jul 85

[text] Beijing, July 10 (XINHUA) -- Deng Liqun, member of the Secretariat of the Chinese Communist Party (CPC) Central Committee, met and had a cordial conversation with an educationists delegation from the Greek Communist Party of the Interior (GCPI) here today.

The delegation is led by K. Gavroglou, member of the Executive Bureau of the GCPI Central Committee.

Li Shuzheng, alternate member of the CPC Central Committee and deputy head of its International Liaison Department, was present.

Since their arrival in China on June 27, the Greek visitors have toured Wuhan, Shanghai and Hangzhou in addition to Beijing. The purpose of their visit is to learn about China's education reform and modernization of institutes of higher learning and secondary schools.

The Greek delegation is scheduled to leave for home tomorrow.

HU YAOBANG TALKS WITH ROMANIA'S ANDREI IN BEIJING

OW111114 Beijing XINHUA in English 1055 GMT 11 Jul 85

[Text] Beijing, July 11 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, said here today that China and Romania should make efforts to find more channels for their economic cooperation.

He said: "Sino-Romanian relations have stood tests and their trade and economic cooperation are sure to expand."

Hu Yaobang made these remarks at a meeting with Romanian Foreign Minister Stefan Andrei and his party.

The general secretary also briefed the Romanian guests on China's political and economic situation.

PRC, ROMANIA SIGN S&T PROTOCOL IN BUCHAREST

OW120300 Beijing XINHUA in English 0236 GMT 12 Jul 85

[Text] Bucharest, July 11 (XINHUA) -- China and Romania signed a protocol here today on expanding cooperation in scientific research in various fields including machinery manufacture, electronics, petrochemistry, geology, metallurgy, agriculture and medicine.

Visiting Chinese Vice-Minister of the Chemical Industry Lin Yingcai and his Romanian counterpart M. Florescu signed the protocol at the 25th meeting of the Sino-Romanian scientific and technical cooperation commission of which the two are co-chairmen.

LI XIANNIAN BEGINS OFFICIAL VISIT TO CANADA

OW111758 Beijing XINHUA in English 1744 GMT 11 Jul 85

[Text] Vancouver, July 11 (XINHUA) -- Chinese President Li Xiannian arrived here at 10:00 a.m. today (local time) to start a three-week North American tour which will take him to both Canada and the United States.

Arriving by the same plane were Vice-Premier Li Peng, State Councillor Ji Pengfei, member of the Standing Committee of the National People's Congress Wang Zhaoguo, and others accompanying President Li on his visit.

President Li is the first Chinese head of state ever to visit Canada and the United States. His state visit to Canada will officially begin on July 14 when he arrives in Ottawa, where he is expected to hold talks with Canadian Government leaders on international and bilateral issues. According to the itinerary, the Chinese president is also to tour Quebec City and Toronto.

During his three-day stay in Vancouver situated on Canada's west coast, President Li will meet with local government leaders and Chinese residents here. He is scheduled to leave here for Ottawa on July 14.

Arrives In Vancouver

OW111923 Beijing XINHUA in English 1916 GMT 11 Jul 85

[Text] Vancouver, July 11 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamei were given a red-carpet welcome when they arrived at the international airport here at 10:10 (local time) this morning.

President Li is the first Chinese head of state to visit Canada since the two countries established diplomatic relations in 1970.

The president's entourage includes Vice-Premier Li Peng, State Councillor Ji Pengfei, and member of the Standing Committee of the Chinese National People's Congress Wang Zhaoguo.

President Li and his wife were greeted at the airport by Canadian Transportation Minister Mazan Kowski, Canadian Ambassador to China Richard Gorham and his wife, and Chinese Ambassador to Canada Yu Zhan and his wife.

Two children from local Chinese communities and representatives of visiting Chinese scholars and the Chinese Consulate here presented flowers to President Li and his wife.

President Li and his party will stay here for three days. His state visit to Canada will officially begin on July 14 when he arrives in Ottawa, where he is expected to hold talks with Canadian leaders on international and bilateral issues.

Vancouver is the largest financial and economic center of western Canada, as well as the largest port in the western coast of North America.

I. 12 Jul 85

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PRC INTERNATIONAL AFFAIRS
WESTERN HEMISPHERE

CPC DELEGATION MEETS PANAMANIAN PARTY LEADER

OW030838 Beijing XINHUA in English 0749 GMT 3 Jul 85

[Text] Panama City, July 2 (XINHUA) -- Berta Torrijos, president of the ruling Democratic Revolutionary Party of Panama, today expressed gratitude to the Communist Party of China (CPC) and the Chinese people for their support to the Panamanian people in defence of their sovereign rights over the Panama Canal.

Berta Torrijos was meeting here this afternoon a CPC International Liaison Department delegation headed by Yang Baibing, deputy bureau director of the department.

She expressed the hope that China will continue to support Panama in its struggle over the canal.

At the meeting, Berta Torrijos asked the delegation to convey greetings from the Democratic Revolutionary Party and herself to CPC General Secretary Hu Yaobang.

The Chinese delegation arrived here yesterday after a visit to Nicaragua.

JIEFANGJUN BAO ON ARMED FORCES REFORMS

HK120156 Beijing RENMIN RIBAO Overseas Edition in Chinese 11 Jul 85 p 2

[Article from JIEFANGJUN BAO: "A Major Reform in the Armed Forces"]

[Text] The Chinese Government's policy decision on reducing the number of Armed Forces personnel by 1 million is a major reform in the Armed Forces and also marks a major turning-point in their history.

Generally speaking, the size of a country's armed forces is determined by factors such as the situation and tasks it is facing, how much its economy can support, and so on. Economic strength is the foundation of military strength. As Comrade Mao Zedong pointed out: "National defense construction can only make still greater progress if economic construction develops more rapidly." China is now seizing the favorable opportunity to speed up the four modernizations drive and concentrate finance and material to develop its national economy. This means that we are living in a relatively peaceful environment, and the central task we face is economic construction. In this situation, it is particularly necessary to focus our vision on the overall effort of national economic construction and consider how national defense construction can be commensurate with economic construction. The state's financial and material strength is limited. We should not imagine that economic construction and national defense construction can be given equal care. If they are, neither of them can be done successfully. It is better to first just concentrate finance and material on economic construction. With the economy developed, it will be easier to strengthen national defense. There is no reason or necessity for us to organize a vast army in peacetime and spend a great deal of money on feeding, clothing, and equipping it.

The reform of the Armed Forces structure and the work of streamlining and reorganizing them not only helps the country in concentrating finance and material on economic construction, but will also bring about a series of major changes in the building of the Armed Forces themselves. A brand new situation will emerge in the Armed Forces. The more we firmly carry out reform and put into effect the streamlining policy, the more can we increase the Army's combat strength and speed up its modernization. Some comrades feel that in fighting a war it is essential to have large numbers of personnel; if the number of personnel is reduced, this advantage will be lost. In fact, the truth is that troops are valued for their quality; this was the case in ancient times, and is even more so today. In modern warfare, combat strength is not mainly expressed in the number of troops but in the military and political qualities of officers and men, the degree of modernization of their weapons and equipment, in whether their organizational setup is scientific, and in whether the role of men and weapons can be brought into full play.

RENMIN RIBAO ON PLA'S MARCH TOWARD MODERNIZATION

HK111251 Beijing RENMIN RIBAO Overseas Edition in Chinese 10 Jul 85 p 4

[Article by Xiong Jing: "The PLA Marches Toward Modernization"]

[Text] On 1 May, Chinese soldiers began wearing new uniforms made from better materials. During the last few years, the Chinese Army has endeavored to modernize work in various fields. The new uniforms are part of their endeavors.

The Chinese Army has developed roughly in three stages: In the first stage, during the long revolutionary wars, battles were fought by relying mainly on a single arm of the services -- the infantry; in the second stage which began with the founding of the PRC, the Chinese Army gradually developed from a unitary army into a military force with Air Force, Navy, artillery, armoured divisions, engineering corps, railway corps, signal corps, antichemical warfare corps, and strategic missile troops.

The present efforts represent the third stage. The aim is to strengthen interaction between the various services and to organize combined Army branches. This development will enhance to a new height the combat effectiveness of China's forces under conditions of modern warfare.

With the ongoing change in the military establishment, a new breed of combined branch commander has rapidly emerged. "The No 4 Sharp-Shooting Company," which was cited by the Ministry of National Defense, was once well-known throughout the country for its pin-point accuracy in shooting. Now in the company rifles have been discarded in favor of armoured vehicles and its officers and men have again distinguished themselves brilliantly. All seven officers in the company can drive various kinds of tanks and armoured vehicles, operate four types of guns and four different transceivers, and are able to coordinate battles with other units or higher units. During the recent large-scale military exercises involving several divisions from the Army and Air Force, we interviewed a young 29-year-old officer. He is an infantry battalion commander. He said that during the exercises, he commanded not only his own battalion, but also some reinforcements from the armored divisions, artillery, engineering corps, and antichemical warfare corps, equipped with 15 types of weapons altogether. We saw the young battalion commander performing his duties from a moving tank, flexibly fulfilling his assigned task of defending by relying on heavily fortified positions.

Some new weapons China developed recently are of advanced standard, including a new rifle that combines the accuracy of a rifle and the rate of fire of a sub-machine gun and can also be used to launch various types of antitank grenades.

The Chinese Navy has 10 times as many major combat vessels as it did in the 1950's. They are gradually being equipped with missiles, electronic devices, and nuclear powered engines and are moving toward automation.

According to military sources, the strategic missile troops, which represent the country's counter-strike force in nuclear warfare, have developed and expanded quickly since their formation in the 1960's. Their ability to cope with enemy surprise attacks, to adapt quickly to changing situations, and to fire accurately have improved constantly.

The Chinese Army has introduced a major change in the guiding principles of military training, namely, considering combined tactical military training among various services as its major task and using it as the main yardstick to judge the training results. The application of the achievements of modern science, such as micro-computers, to military training has raised the results of combined tactical military training. The appearance and application of laser simulated firing devices has brought an entirely new look to confrontational military exercises.

The Chinese Army has now decided that only those who have undergone special training at the military academies are qualified for promotion as officers. Therefore, when touching on the present intellectual composition of the Chinese servicemen, Vice Chairman of the Military Commission of the CPC Central Committee Yang Shangkun, who is in charge of the commission's routine work, said: "The educational level of the Chinese Army is now the highest in its history."

WANG DEYAN APPOINTED BANK OF CHINA PRESIDENT

OW120956 Beijing XINHUA in English 0716 GMT 12 Jul 85

[Text] Beijing, July 12 (XINHUA) -- Wang Deyan, former vice president of the Bank of China, the state foreign exchange bank, was appointed president of the bank recently by the State Council.

The 54-year-old Wang Deyan became vice-president in May, 1984. Before the appointment, he had worked the Hong Kong branch of the Bank of China for 18 years, and held the posts of assistant manager and deputy general manager.

Born in August, 1931, in Shanghai, Wang Deyan studied banking at Qinghua University and the Central Finance and Economic College. After graduation in 1953, he joined the Bank of China.

He also studied English for three years at the Beijing Foreign Languages Institute.

PURCHASE PRICE OF GOLD RAISED TO BOOST PRODUCTION

HK120315 Beijing CHINA DAILY in English 12 Jul 85 p 1

[By staff reporter Liu Dizhong]

[Text] China has set a new target for its gold industry to produce the treasured metal at an annual growth rate of 15 percent or more during the Seventh 5-Year Plan period (1986-1990). During the period, China will open 139 gold mines of varying capacities throughout the country which is rich in gold resources.

Meanwhile, the State has decided to raise the purchase price to a record 958.70 yuan per ounce in an attempt to encourage more people to mine gold.

By the end of June, China met 52.8 percent of this year's production quota, an increase of 9 percent over the same period last year.

In the past 10 years, China has substantially increased gold output -- at an annual average growth rate of 10.2 percent. The increase in gold output is partly due to the nationwide "gold rush" which started in 1975 when individuals and collectives were permitted to mine gold for the first time since liberation.

As of last month, more than 110,000 former farmers were involved in the gold fever, producing about half of the nation's gold output.

The State began raising the purchase price of gold from 487.60 yuan an ounce to 696.64 yuan last February. Now the price is to go up to 895.70 yuan (about \$312) an ounce -- but only on gold mined by individuals and collectives, CHINA DAILY learned at a work meeting on gold production that opened yesterday in Beijing. Gold was trading on the world market at about \$314.50 an ounce.

The measure is taken partly to reduce the gap between domestic and world prices. This discrepancy has resulted in smuggling, a problem that has been particularly severe in Qinghai, Xinjiang and Gansu Province in the west, Inner Mongolia and Hebei Province in the north, Hunan, Hubei and Guangdong Provinces in the south.

A smuggler apprehended in Baotou, the biggest industrial centre in Inner Mongolia, confessed that he sneaked out 4,426 grams of gold over only a few days which he had bought at a price of 1,400-1,600 yuan an ounce.

Some gold miners are holding on to the gold they produced in hopes of selling it at higher prices. This encouraged smuggling activities, said an official of the China Gold Company, sponsor of the five-day work meeting.

According to the official, strict regulations on gold marketing are being jointly drawn up by the company and the People's Bank of China. It will come into force subject to the approval of the National People's Congress.

However, the official said, more flexible policies also will be adopted to encourage more rural people to mine gold. These include opening more gold resources to personal investors. All the gold mines which the state has no plan to explore in the near future will be offered to individuals. Peripheral seams in major State-owned mines also will be opened up to mining entrepreneurs. The State will also provide technological and financial assistance to individual miners, the official said.

To reach the target set for the next five years, China will focus on tapping the production potential of the existing gold mines. Most State-owned mines are not up to their production capacity, he said. "Raising annual production by 20 percent will be no problem if we improve our technology and management," he said.

The State is expected to offer 160 million yuan in loans annually to aid gold mine construction, up from 60 million yuan. This is part of the nation's efforts to ease the financial shortage in its ambitious modernization programme.

The nation's gold reserves in the first quarter of this year totalled 12.67 million ounces. At the same time, its foreign exchange reserves dropped by \$3.2 billion to \$11.3 billion.

Technological cooperation has been expanded between China and the United States, Canada, and the Netherlands for introducing modern equipment to promote the nation's gold production. Meanwhile, negotiations are underway for China to open gold mines in Guinea and Papua New Guinea, the official said.

ORGANIZATION DEPARTMENT HOLDS MEETING ON ENTERPRISES

OW110127 Beijing XINHUA Domestic Service in Chinese 1140 GMT 2 Jul 85

[By RENMIN RIBAO reporter Wu Xuelin and XINHUA reporter Xu Yaozhong]

[Text] Beijing, 2 Jul (XINHUA) -- Currently, some 10,000 industrial enterprises throughout the country have implemented the system under which a plant director (or manager) assumes full responsibility. In order to sum up and exchange the experiences of party committees of various enterprises in their work following the implementation of the system, study the new situation and new problems, and actively promote reform of the economic structure, the Organization Department of the CPC Central Committee held a discussion meeting on the work of party organizations of industrial enterprises in Beijing in late June. Responsible members of party organizations of a number of industrial enterprises from various provinces and municipalities attended the meeting. Several secretaries of party committees of industrial enterprises introduced their understanding and experiences. Cao Zhi [2580 1807], deputy head of the Organization Department of the CPC Central Committee, attended, and spoke.

The discussion analyzed the situation of implementing the system, under which a plant director assumes full responsibility, at selected enterprises during the past year and more, and held that the work has made relatively great progress, developed in a healthy manner, gained experience, and achieved significant results. Various enterprises have extricated themselves from busy, routine administrative affairs to support plant directors in their work. Party committees have developed their role of supporting, supervising, and strengthening the party's ideological work. Various enterprises have also strengthened the democratic running of plants, and helped staff members and workers function as the true masters of the enterprises.

The meeting pointed out: The change from plant director's responsibility system, under the leadership of its party committee, to the system under which a plant director assumes full responsibility is not only a change in the leadership system, but also a change in ideology, concepts, habit, and leadership methods. It involves a readjustment of responsibility and duties of the party organization, and administrative and production departments of an enterprise. In the light of the new situation following the implementation of the system under which a plant director assumes full responsibility, the meeting emphatically discussed the following questions:

Following implementation of the system under which a plant director assumes full responsibility is the work of the party organization of an enterprise strengthened or weakened? The meeting held that in order to solve this question we should accumulate new experiences through implementing the system at more selected enterprises on the one hand, and raise our ideological consciousness by combining theory with practice and correctly understanding the party's leadership over the enterprise, on the other. For many years, the traditional concept that the party committee of an enterprise leads everything has been deep-rooted. It was held that the party committee's decision making on everything reflected the party's leadership. This traditional concept and practice must be changed. Comrades taking part in the discussion meeting pointed out: The party's leadership is primarily that over ideological and political work, over principles and policies, and over examining and supervising the selection, promotion, and assignment of cadres. The party's leadership must not compare with the administrative work of a government department, and the direction of production at an enterprise. The party must not take over, or replace, their work. After the implementation of the system, under which a plant director assumes full responsibility, the party committee of an enterprise will have more time to ponder major policies, and strengthen the party's ideological and organizational building, as well as ideological and political work. It can change the situation in which the party organization does not pay good attention to party affairs and will improve and strengthen the party's leadership.

Following the implementation of the system under which a plant director assumes full responsibility what will be the position and role of the party organization of an enterprise? The meeting held that following the implementation of the system, the party committee of an enterprise would no longer assume unified leadership over production and administrative work, and no longer directly appoint, or dismiss, middle-level administrative cadres. For the time being, some comrades cannot adapt their thinking to the new conditions, and feel that the party committee will have no work to do. This is confused thinking. Our country's industrial front has more than 500,000 basic level party organizations (including party committees, general party branches, and party branches). How to display the role of those basic-level party organization and party members will have a direct bearing on the party's image, and directly influence the relationship between the party and the masses. After the implementation of the system, the party organization's tasks will be different, but its responsibility will not be lessened. The party committee of an enterprise should assume leadership over ideological and political work, and organization of the masses, ensure and supervise implementation of various principles and policies of the party and state, strengthen the party's ideological and organizational building at the enterprise, and give full play to the party members' vanguard and exemplary role. In the meantime, it should support the plant director in exercising his authority, and help coordinate the relationship between the plant director and the workers and staff congress, and between the plant director and mass organizations.

Following implementation of the system, how can the party committee of an enterprise effectively ensure, and supervise implementation of the principles and policies of the party and state?

The meeting held that it is a new question, and that we must first clearly understand the contents of the party committee's work before solving this question. The party committee is to supervise matters of principle, but not production and administrative affairs. The essence of its supervision is to guide the economic activities of an enterprise to accord with various principles and policies of the party and state. It is a sort of guidance, not an order or directive. The purpose of supervision is to ensure that various enterprises correctly implement the party's principles and policies, properly solve the relationship between the state and enterprises, and between enterprises, staff members, and workers, and guarantee that various enterprises develop along socialist lines. Ensuring and supervising the implementation of principles and policies are two sides of the coin. They are both indispensable. If the work of an enterprise is in accord with the party's principles and policies and the state's law and regulations, the party committee has the responsibility of supporting the work. On the other hand, if the party committee discovers that the work of an enterprise is divorced from, or runs counter to, the party's principles and policies, it should exercise its supervisory role.

Following the implementation of the system, what will be the relationship between the secretary of the party committee and the plant director? The meeting held that after the implementation of the system, the responsibility and duties of the party committee and plant director will change accordingly, and they should establish a new work relationship, with close cooperation. Reform of the leading system of enterprises requires the secretary of the party committee to adapt himself to the new conditions, change outmoded traditional concepts, constantly improve methods of work, and raise the art of leadership to a higher level. It is necessary to integrate ideological and political, with economic, work, through various channels and levels, discover, cultivate, and promote outstanding people of various enterprises, and correctly develop the role of ensuring and supervising the implementation of principles and policies. All these require that the secretary of the party committee has a higher political and theoretical level, enhances the understanding of the policy, is familiar with production and operation, and knows economic laws and regulations.

Through studying the guidelines of a recent related directive issued by a central leading comrade, and exchanging their information and experience, the comrades attending the discussion meeting were greatly enlightened and encouraged. They pledged that they would further explore new experiences in the work of the party committee, and how to be a good secretary of a party committee, after implementation of the system, with a pioneering spirit. They expressed the determination to probe new experiences through practice, sum up their experiences through study, raise their understanding, after summing up their experiences, and go to work again on the basis of their higher level of understanding, so that they could gradually deepen their understanding, and constantly consolidate and develop the results of reform.

SOME MINISTRIES STRAIGHTEN OUT REGULATIONS

HK110713 Beijing XINHUA Hong Kong Service in Chinese 0717 GMT 9 Jul 85

[Report by RENMIN RIBAO: "Some Ministries, Commissions, and Bureaus of the State Council and Some Provinces and Municipalities Complete the Work of Straightening Out Regulations"]

[Text] Beijing, 9 Jul (XINHUA) -- According to today's RENMIN RIBAO, by last May, 18 of the 61 ministries, commissions, and bureaus under the State Council, Hebei Province, and Beijing and Tianjin Municipalities had basically finished the work of straightening out the laws and regulations formulated in the period from the founding of the PRC to 1983.

This work was carried out in accordance with the arrangements of the State Council in September 1983 on the all-round straightening out of the laws and regulations that had been promulgated by the State Council, the various departments of the State Council, and the various provinces, autonomous regions, and municipalities.

It is reported that quite a few of the relevant laws and regulations that these departments and units formulated in the past do not meet the requirements of the current four modernizations program. If these laws and regulations are not straightened out and revised in time they will surely be detrimental to our economic reform and the implementation of the policy of opening up to the outside world.

There are reports that judging by the initial results of the work of straightening out in 18 departments, 1,108 pieces of law and regulations that were promulgated or the promulgation of which were approved by the State Council have been straightened out. Among these laws and regulations, 754 need to be abrogated or revised, accounting for 68 percent of the total number of laws and regulations that were straightened out; and only 354 remain in force, accounting for 32 percent of them. Of the 13,693 regulations that were promulgated by departments and that have been straightened out, 8,166 or 59.6 percent should be abrogated or revised, and 5,527 or 40.4 percent are allowed to remain in force.

The three provinces and municipalities have straightened out 1,423 local laws and regulations in their provinces and municipalities, of which 959 or 66.7 percent should be abrogated (those that have automatically expired included) or revised and only 464 or 33.3 percent will remain in force.

At present, the 18 departments and 3 provinces and municipalities are compiling the law and regulations that remain in force and issuing clear orders to abrogate the law and regulations that must be abrogated or have expired automatically. Moreover, they are formulating their plans for drawing up the regulations of their departments and areas for the current period in light of the needs of the reform and the practice of opening up to the outside world.

Other ministries, commissions, and bureaus of the State Council and other provinces, autonomous regions, and municipalities are continuing to carry out this work of straightening out law and regulations.

INDUSTRIAL OUTPUT VALUE INCREASES IN 1985

OW111146 Beijing XINHUA in English 0908 GMT 11 Jul 85

[Text] Beijing, July 11 (XINHUA) -- China's industrial output value indicated a 23.1 percent growth in the first six months of this year, according to a spokesman for the State Statistics Bureau.

Analysing the industrial situation, the official said that industrial production showed the following characteristics in the first half of this year:

-- Light industries outpaced heavy industries. As light industries have been given priority in funds and fuel, power and raw materials supply, the proportion of light industrial output value accounted for 50.1 percent of the total, 0.9 percent more than in the previous year;

-- The growth of energy production reached new heights in recent years. The total output of energy in the first six months was equal to 409 million tons of standard coal, 11.3 percent more than in the same period of last year. This included 414 million tons of raw coal, 61.46 million tons of crude oil and 199.1 billion kwh of electricity.

-- Durable consumer goods showed a sharp increase. The output of TV sets, which were in short supply, jumped 84.5 percent, of which color TV sets rose 2.4 times; washing machines increased 70 percent; electric fans, 96.2 percent; and refrigerators, 2.2 times.

-- The production of machines, electronic goods and building materials grew rapidly. The output of motor vehicles rose 58.8 percent; small tractors, 46.7 percent; diesel engines, 54.8 percent; and plywood, cement and glass, from 11.5 to 22.9 percent.

Though the situation of industrial production is generally good, too -- rapid growth is not good for the current economic restructuring, according to the spokesman. He attributed the rapid growth of industrial output value to the following reasons: sharply expanding capital construction, rapid growth of consumption funds and overheated expansion pursued by some enterprises.

The official called for the improvement of management, upgrading of products, and the reduction of consumption of raw materials and energy so as to achieve better economic returns.

STATE COUNCIL PROMULGATES WAGE TAX REGULATIONS

OW112343 Beijing XINHUA Domestic Service in Chinese 0018 GMT 11 Jul 85

[Text] Beijing, 11 Jul (XINHUA) -- "The Provisional Regulations Governing Regulatory Tax on Wages in State-Owned Enterprises"

(Promulgated by the State Council on 3 July 1985)

Article 1. The following regulations are especially formulated for facilitating reform of the wage system for staff and workers of state-owned enterprises, gradually raising the wages of staff and workers in a planned manner, and rationally controlling the growth rate of consumption funds in marcoeconomic activities.

Article 2. All state-owned enterprises, practicing the system of letting the total payroll fluctuate according to economic performance, in accordance with the State Council provisions for wage system reform in state-owned enterprises, must pay regulatory tax on wages in state-owned enterprises (hereafter called the regulatory tax on wages for short) as stipulated in these provisions.

Article 3. All enterprises, obliged to pay the regulatory tax on wages, are hereafter called the tax payer.

Article 4. The regulatory tax on wages will be levied on the increased portion of wages in excess of 7 percent of the total wages approved by the state for the preceding year.

Article 5. The regulatory tax on wages will be computed at progressive rates listed in the appended tax rate table.

Article 6. The regulatory tax on wages will be paid at the locality where the tax payer is located.

Article 7. The tax office will be responsible for collecting, and managing, the regulatory tax on wages.

Article 8. The regulatory tax on wages will be computed and levied annually, paid in installments in advance, and balanced and settled at year end.

Article 9. When the accumulated total of the increased portion of wages is 7 percent in excess of the total wages approved by the state for the preceding year, the tax payer should submit to the local tax office a statement of wage funds (including funds for increasing wages) and a tax report statement. After statements are reviewed and verified by the tax office, a tax payment notice will be issued to the tax payer to pay tax within a set time. Specific time limits for paying the tax will be decided by the local tax authorities.

At the end of a year, the tax payer should, regardless of whether, or how much, it has increased the wages during the year, submit the annual tax report statement and the statement of final accounts to the local tax authorities by 4 February of the following year.

Article 10. The tax office has the right to investigate the wage funds withdrawn, or deposited, by the tax payer, and its issuance of wages. The tax payer and its affiliated organizations should submit factual reports, account books, receipts, bills, vouchers, invoices, wage forms, and other relevant documents, and should never conceal these documents from the tax office. The tax office should keep the documents confidential.

Article 11. The tax office should order a tax payer who fails to honestly declare the tax and pay it on time, to pay the tax within the time limit. It may impose a fine under 5,000 yuan, according to the tax payer's circumstances. Surcharge for overdue tax payment will be added at a daily rate of 5 per 1,000 of the overdue tax payment, effective immediately.

Article 12. The tax payment, fine, and surcharge for overdue tax payment should be listed as expenditure from the funds for increased wages.

Article 13. In the case of a tax payer in arrears over tax payment, fines, or surcharges for overdue tax payment, the tax office may, after repeatedly pressing the former, notify the bank in which the tax payer has kept an account to deduct the payment from the account.

Article 14. In case of a tax payer evading, or refusing to pay, tax, the tax office should, in addition to ordering the tax payer to factually report the increased portion of wages, set a time limit on paying the tax. It may impose a fine under 100 percent of the due payment, according to the tax payer's circumstances. Personnel directly responsible for serious cases involving violation of the criminal law will be investigated by judicial organs, according to law.

Article 15. If the tax payer has a dispute with the tax authorities over tax payment, he must first pay the tax, as prescribed by the tax authorities, before applying to higher tax authorities for reconsideration. The higher tax authorities must reply within 30 days of receiving the application. If the tax payer does not accept the decision of the higher tax authorities after reconsideration, he may bring a suit in the People's Court.

Article 16. A state-run enterprise, whose total payroll does not fluctuate with its economic performance, should still pay bonus tax.

Article 17. The Ministry of Finance is responsible for interpreting these regulations, and formulating the rules for their implementation.

Article 18. These regulations are to go into effect, beginning fiscal year 1985.

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Appendix: Table of Progressive Rates for the Regulatory Tax on Wages

Grade	percentage of total wage increase in approved total wage	percentage of tax rate	percentage of deduction rate for speedy computation
1	under 7 percent	0	0
2	7-12 percent	30	2.1
3	12-20 percent	100	10.5
4	over 20 percent	300	50.5

Calculation formula:

Regulatory tax on wages equals approved total wage times percentage of total wage increase in approved total wage times appropriate tax rate -- deduction rate for speedy computation

or:

Total wage increase times appropriate tax rate -- deduction rate for speedy computation times total approved wage.

FEDERATION OF TRADE UNIONS MEETS IN SHENYANG

SK110741 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 10 Jul 85

[Text] The 6th enlarged meeting of the Presidium of the 10th Committee of the All-China Federation of Trade Unions was held in Shenyang today. The major purpose of the meeting was to study and find ways to push democratic management in enterprises to a new level in the course of economic reform. Nearly 200 persons, including Luo Gan, (Chen Junsheng), Wang Chonglun, Zhang Ruiying, and Wang Jiaching, vice presidents of the All-China Federation of Trade Unions, attended the meeting.

STATE COUNCIL TO SET UP RESEARCH CENTER

OW090835 Beijing XINHUA in English 0710 GMT 9 Jul 85

[Text] Beijing, July 9 (XINHUA) -- The State Council has decided to set up a research center to advise on economic technological and social development.

The center will study strategic and long-term questions and improve ties among ministries and regions.

It will subsume the State Council economic, technology-economy and price research centers.

FIRST-STAGE BAOSHAN CONSTRUCTION COMPLETED

OW061818 Beijing XINHUA in English 1619 GMT 6 Jul 85

[Text] Shanghai, July 6 (XINHUA) -- The first-phase construction project of the Baoshan iron and steel complex, the biggest in China, has been basically completed, its director announced today.

Li Ming, vice-minister of the Metallurgical Industry Ministry and concurrent director of the complex, told XINHUA that the No. one blast furnace will be ignited in September. The complex's 20,000 employees have already begun working at their posts, familiarizing themselves with the various types of sophisticated and automated modern equipment.

With its major installations imported from Japan, the project has been a herculean labor involving the efforts of thousands of people over the past seven years, the director said. Construction began in 1978, and annual production capacity will be six million tons of pig iron and the same amount of steel upon completion of the second stage. The installation of 21 imported items of equipment has already been completed, and only a seamless steel tube plant remains to be fixed up, the director said. He forecast that the final job will be completed by the end of this year.

Among major items finished this year were a coking plant, a special railway line, a wharf for raw materials and a storage yard which is the biggest in the country. Also put into use were 82 out of the designed 90 dining halls, bathhouses, changing rooms and public conveniences.

The project has been the object of much government concern; a representative from the State Council went twice to the construction site to help solve problems, while the Metallurgical Industry Ministry has twice sent special teams to check the progress of construction.

RENMIN RIBAO ON PROBLEMS IN 'QUADRUPLING'

HK110427 Beijing RENMIN RIBAO in Chinese 8 Jul 85 p 5

[Article by Xiong Yingwu: "Thoughts on the Economics of 'Quadruplication'"]

[Text] "Quadruplication has become a household word and an objective of endeavor at all levels throughout the country. But in economic construction, how "quadruplication" should be interpreted and whether it can be correctly approached and handled is a matter of great importance. This article will explore some theoretical questions of "quadruplication" from the angle of economics.

Three Methods, Three Prospects

The 12th party congress decided that in the 20 years from 1981 to the end of the century, the country should quadruple its total industrial and agricultural output value, that is, the figure should rise from 710 billion yuan in 1980 to 2,800 billion yuan by the year 2000. How to achieve quadruplication is a matter requiring very careful study. Completely different results may be produced through the adoption of different principles and policies for attaining this goal.

One possibility could be: No stress is laid on economic results, but instead there is pure pursuit of quadruplication. In these circumstances, with people one-sidedly pursuing high growth rate, competing and racing with each other, indulging in boasting, and doing work in a superficial way, with repeated upheavals, the consequence is bound to be big rises and falls, and far from achieving quadruplication, endless woes will be caused to our national economy.

Another possibility could be: To achieve quadruplication by basically maintaining the existing technological structure, product mix, and production structure. In this way we might be able to raise industrial and agricultural output value and achieve the goal of a comfortably well-off living standard with average national output value of \$800 per capita. The problem is that if we neglect technological progress, it will be very difficult to accomplish modernization, and the technological and economic gap between ourselves and the advanced countries will grow ever wider. In addition, there will be a very big impact on the reserve force for economic development. It is evident that no one would welcome such a situation.

A third possibility could be: To achieve quadruplication in the course of attaining technological progress and raising economic results. This should be the real meaning of the term, and presents the best prospects for which the people endeavor. Comrade Hu Yaobang pointed out in his report at the 12th party congress: The goal of achieving quadruplication, "is for China to rank in the world's forefront in total national income and in output of the main industrial and agricultural products; the modernization process of the entire national economy will achieve major progress, there will be a big increase in the income of the people in urban and rural areas, and people's material and cultural living standards can reach a comfortably well-off level." To achieve quadruplication in accordance with this demand, we must grasp the modernization of science as the key link, focus our efforts on improving economic results, consolidate, reorganize, and promote joint operations in the existing enterprises, and establish a rational production structure. Only thus can we truly attain the strategic goal of "quadruplication," and thus spur all-round growth in the socialist economy.

We should avoid the first two possibilities and strive to attain the last one.

"Quadruplication" Must Be Based on Progress in Science and Technology

The general goal set by the 12th party congress for the new period is: "Unite the people of the whole country to work hard and self-reliantly and gradually achieve the modernization of industry, agriculture, national defense, and science and technology, and build China into a socialist state with a high degree of civilization and democracy." The realization of modernization is our program in the new era. We can never separate quadrupling from modernization. Otherwise, no matter by how many times we exceed quadruplication, we cannot change the situation of economic and cultural backwardness and cannot build a highly civilized and highly democratic socialist state.

"Modernization" is a concept of trends. Modernization by the end of the 20th century should reflect the latest scientific and technical products of that era and not the advanced levels of the contemporary world, and, still less, the advanced levels of the country of the 1980's. To realize modernization, we must attach importance to technical progress and actively meet the challenge of the new world technical revolution. Speaking on the world technical revolution, Premier Zhao Ziyang pointed out: "It is both an opportunity and a challenge." The new world technical revolution confronts us with two possibilities. One is that we may make good use of the opportunity and make fullest use of new technical products in developing our own economy, so that the gap between us and developed countries in the economic and technical fields narrows. Another possibility is that if we handle things improperly, or look on with detachment, the gap between us and developed countries will widen. We would be left further behind advanced world levels. We should strive to realize the first possibility and avoid the second possibility.

At present the new world technical revolution possesses the following characteristics:

1. The emergence of a host of new technologies spearheaded by electronics. These include electronics technology, biological technology, the technology of new materials, the technology of new energy sources, laser technology, optical fiber telecommunications, nuclear technology, space technology, technology for exploiting the oceans, and so on.
2. The leaders in this new technical revolution are not individual inventors like Watt and Edison, but a group of scientists. The guiding role of scientific theory has become all the more evident. Many of the pioneers in the new industries in the West are scientists and engineers.

3. This new world technical revolution is developing rapidly; the cycle from a new scientific theory to a new technical breakthrough and then to its application in production has been greatly shortened. The conversion of science and technology into new productive forces shows tendencies of speeding up.

4. This new technical revolution is not limited to a few economically developed countries but involves all countries and regions, including the Third World. Economists and futurists such as Rostow and Toffler all hold that developing countries like China can simultaneously apply the result of several industrial revolutions to quicken the process of their economic development.

In this new situation, if we think that economic construction is a matter of increasing output value as much as possible and treat the booming new technical revolution with indifference, thus letting go a good opportunity, we would be guilty of the greatest mistake. In the latter part of the 1950's, many countries in the world counted on the technical revolution to realize economic takeoff. But our country got busy promoting so-called "small mass-run enterprises using indigenous production methods" and brought about "a great leap forward" in the whole national economy. We ended up a big loser suffering tremendous losses. If we should forget this historical lesson and again lose a good opportunity, then by the end of the century, given quadrupled total output value but a technology structure remaining at a backward level, we would find it hard to revitalize our economy and to catch up with modernized and developed countries. Comrade Deng Xiaoping said that education must be oriented toward modernization, toward the world, and toward the future. This view is universally applicable. The same is true of economic construction. We must apply the concept of modernization to understanding and guiding the matter of quadrupling and seek quadrupling amidst continuous technical progress.

The Key to "Quadruplication" Lies in Improving Economic Results

Mankind's economic activity must be guided by this fundamental economic law, that is, less input in exchange for more output. Comrade Sun Yefang often stressed that we must obtain the greatest economic results with the minimum expenditure of labor. This is what is succinctly called Sun Yefang's formula of "the minimum -- the maximum." This important truth is simple and easy to understand. With input larger than output, wealth will dwindle, and enterprise will suffer losses, and society can scarcely exist. Only by continuously putting in less to obtain more can wealth grow and can society advance.

In a socialist country, economic development has long been interpreted as an increase in the output and output value of industrial and agricultural products. The total industrial and agricultural output value is often used to measure the rate of economic growth (C plus V plus M). This theory or method is full of defects. It often covers up the facts of economic life and causes serious mistakes where policy decisions are concerned. This is because an increase in input of any portion of material labor (C) or living labor (V) can lead to an increase in growth of total output value; and a big increase in output value can even be attained by importing raw materials for processing or assembling imported parts, and so on. Therefore, high economic growth rate does not necessarily reflect enhanced productive forces, nor does it necessarily increase social wealth.

Premier Zhao Ziyang stressed in his government work report to the Third Session of the Sixth NPC: "The large cities are national or regional economic, political, and cultural centers, and they shoulder the important task of supporting national or regional economic construction in every respect. Instead of focusing their main attention on doubling total industrial output value, they should pay still more attention to the rationalization of the production structure, promote the socialization

and specialization of production, stimulate the technical progress of society, and vigorously develop tertiary industry including commerce, foreign trade, communications, posts and telecommunications, tourism, finance, insurance, consultative services, and technical and other social services. In this way, growth of industrial output in the large cities might be a bit lower, but the growth of their national gross output value will not be low but may very well be a bit higher, and the role they play in the country as a whole will be greater still. Hence, the growth of their gross national product should be regarded as the main index for examining the economic development of the large cities. The use of the "gross national product" as an index enables us to reflect the conditions of the industrial structure in a relatively overall manner and helps in correcting the trend toward solely pursuing total industrial and agricultural output value to the neglect of economic results. In addition, we should have more indexes as measurement aids, such as the rate of returns on capital (including profits and taxes), the rate of new products, the rate of quality products, and so forth. Through various economic indicators, we should divert people's attention to greater emphasis on economic results.

Involved here is a problem of theory: What does the accelerated development of the economy mean? It is generally interpreted this way. The quick development of the economy means an increase in the rate of economic growth based on total industrial and agricultural output value (or the gross national product). In fact, this is only one side of the picture. Another side is that accelerated economic development also means an acceleration of the process of refining the economic structure, or the acceleration of the process of upgrading technology, replacing generations of products, and refining the industrial structure. After World War II, and especially in the contemporary era, the accelerated development of some advanced countries found chief expression not in the rate of economic growth but in changes in the structure. The "three waves" mentioned by Toffler are the very reflection of the three major structural changes in human society's economic development. As far as the history of the development of human society is concerned, these structural changes carry far greater significance than pace in economic development. Dialectics tells us that quality transforms into quantity. In making an economic decision, we must conform with the principles of such dialectics, put quality above quantity, pay particular attention to refining the technical structure, the mix of products and the industrial structure, and direct more efforts toward improved economic results, so that the state and the people can reap actual benefits.

At Present We Must Attach Great Importance to One Problem: It Is Necessary To Control Excessive Growth

The call for quadrupling put forth at the 12th party congress is a general strategic goal for the economic development of the state. The CPC Central Committee does not mean that every area, every department, and every enterprise should achieve quadrupling. However, many areas now vie in quadrupling and plan on achieving that ahead of schedule, claiming that only this means maintaining political unity with the CPC Central Committee. Last year, the rate of growth of total industrial and agricultural output value reached 14 percent. The rate of industrial growth for the first quarter this year rose again to 23 percent, and also showed a trend toward acceleration. How should we cope with this problem? In his government work report, Premier Zhao Ziyang clearly pointed out: "First, we must uphold the guideline of seeking truth from facts and making steady progress, and resolutely guard against the phenomenon of blindly pursuing and contending in the rate of growth. These few years, the average rate of growth of our economy has been quite high. So long as everyone maintains such a rate of growth, we can certainly achieve the great goal of quadrupling total industrial and agricultural output value by the end of this century. What we should stress now is an energetic effort to improve social economic results, and not the pursuit of an inappropriately high rate."

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Our country is starting an overall economic reform. Given enlivened microeconomic activity, the problem of macroeconomic control has surfaced. In my opinion, national macroeconomic control covers the following three fields:

1. The control of the scale of capital construction and the rate of economic growth;
2. The control of the distribution of national income and the size of accumulation funds and consumption funds and the ratio between them;
3. The control of money supply and commodity prices.

Controls over these three fields, from the area of production to the area of distribution and the area of money supply, restrain each other, with a distinction between the more important and the less important. Only by first properly controlling the area of production, the scale of capital construction, and the rate of economic growth can proper control be exercised over the second and third fields. On the other hand, if the scale of capital construction is too large and the rate of economic growth too high, this will naturally give rise to excessive size of accumulation and consumption funds, an excessive money supply, and a rise in commodity prices. Of course, keeping watch over the second and third fields also helps with control over the first field.

Traditional political economy holds that the rapid development of the socialist national economy is an economic law. This is a problem worth studying. In my opinion, it is not true that the higher the rate of economic growth, with the actual conditions of a country in mind, can enable the national economy to develop in a proportioned, sustained, and steady manner. A too high or too low rate of economic growth is incompatible with the demands of objective economic laws. Therefore, we should pay attention to settling on an appropriate rate of economic growth, as far as strategic decisions on economic development are concerned.

As for how to decide on what is an appropriate growth rate, I made a special probe of this in my article "An Important Link in Macroeconomic Control -- Choosing an Appropriate Economic Growth Rate." Here, I want to stress again: Since an annual growth rate of 7 to 8 percent can guarantee the goal of quadruplication, why should it be necessary to pursue an unreliable, excessive growth rate which may cause unpleasant consequences? China suffers great shortages of energy, communications, and raw materials, and its financial strength is also inadequate. By lowering the growth rate to a level that the national resources can bear, we can create a favorable environment for economic reform which will help to harmonize economic relationships in all fields.

LATE REPORT: DENG LIQUN RELIEVED OF POST

OW121145 Tokyo KYODO in English 1130 GMT 12 Jul 85

[Text] Beijing, July 12 KYODO -- The Chinese Communist Party has sacked Deng Liqun as head of the party Propaganda Department, a party spokesman said Friday.

Zhu Houze, a Central Committee alternate member and former first secretary of the Guizhou provincial committee, has filled the vacated post, according to the spokesman of the party's International Liaison Department.

Deng, who still holds the post of party secretary, was reported to have been critical of the open-door policies promoted by Communist Party General Secretary Hu Yaobang and Premier Zhao Ziyang.

JIANGSU PEOPLE'S CONGRESS COMMITTEE MEETS

OW111131 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 5 Jul 85

[Excerpts] The Jiangsu Provincial People's Congress Standing Committee held its 14th meeting in Nanjing this morning. Present at the meeting were Chu Jiang, chairman of the provincial People's Congress Standing Committee, and Chen Dexian, Hong Peilin, and Li Zhizhong, vice chairmen of the Standing Committee, presided over the meeting.

(Wang Minsheng), director of the provincial Bureau of Village and Town Enterprises, entrusted by the provincial government, made an explanation of the draft regulations of Jiangsu Province on village and town industrial enterprises.

Entrusted by the provincial government (Nie Jianqing), deputy director of the provincial Department of Foreign Economic Relations and Trade, made a report on the situation of Chinese-foreign joint ventures in Jiangsu Province.

The meeting also listened to a report by Zheng Liangyu, director of the provincial Foreign Affairs Office, on behalf of Governor Gu Xiulian, on the visit of a Jiangsu delegation to Italy and the FRG.

Present at the meeting as observers were responsible persons of the provincial people's government, the provincial Higher People's Court, the provincial People's Procuratorate, other departments concerned, and the People's Congress Standing Committees of 11 cities.

RESOLUTIONS ADOPTED AT JIANGXI CONGRESS SESSIONCommittee Report Resolution

OW100207 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 1 Jul 85

[Resolution adopted by the Third Session of the Sixth Jiangxi Provincial People's Congress on the work report of the Jiangxi Provincial People's Congress Standing Committee]

[Text] The Third Session of the Sixth Jiangxi Provincial People's Congress hereby approves the report on the work of the provincial People's Congress Standing Committee delivered by Wang Zemin, vice chairman and secretary general of the provincial People's Congress Standing Committee, on behalf of the provincial People's Congress Standing Committee. The session expresses satisfaction over the work of the Standing Committee since the Second Session of the Sixth Jiangxi Provincial People's Congress. The session calls on the Standing Committee to exercise its functions and powers as stipulated by the PRC Constitution to strengthen its supervision over implementation of the PRC Constitution, other laws, and the resolutions, decisions, and local legislation adopted by the provincial People's Congress and its Standing Committee, with particular emphasis on matters concerning our central task of economic construction. The session calls on the Standing Committee to strengthen its supervision over the work of the administration, the courts, and the procuratorates; to step up investigation and study; to do an even better job in local legislation; to increase contacts with provincial People's Congress deputies and with the People's Congress Standing Committees of various cities, counties, and urban districts; to pay attention to its own building and keep forging ahead; and strive to promote socialist democracy, improve socialist legal system, and promote socialist modernization.

Government Report Resolution

OW100255 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 1 Jul 85

["Excerpts" of the resolution on the work report submitted by the Jiangxi Provincial People's Government and endorsed by the Third Session of the Sixth Jiangxi Provincial People's Congress]

[Text] The resolution said: The Third Session of the Sixth Jiangxi Provincial People's Congress conscientiously studied Governor Zhao Zengyi's report on the work of the government. The report conformed with the actual situation in the provincial people's government during the past year, and decided to endorse this report.

The meeting held: Remarkable achievements were made in the development of material and spiritual civilization during 1984. The economy in the province has developed continuously, steadily and in a coordinated manner. Economic efficiency was greatly raised. Rapid progress was made in developing farm products in a diversified way and in expanding rural industries. The policy of opening to the outside was being vigorously implemented. However, there were some problems that merit our attention: There was excessive consumer spending and new unhealthy trends prevailed. We must continue to adopt effective measures to control consumer spending and correct these new unhealthy tendencies.

The meeting held: People's governments at all levels throughout the province must resolutely implement the principles: Be steadfast, be prudent in fighting the first battle, and be sure to win; continue to carry out all types of reforms through to the end. It is essential to implement the policy and measures in giving various enterprises more power in managing their own affairs and continue to invigorate the enterprises. Efforts must be made to readjust the setup of production in the countryside. While still paying full attention to grain production, we must also vigorously develop farm products and rural industries in a diversified manner. We must regard the building of the old liberated areas as important and bring about rapid changes in these areas. While reforming the economic structure, we must change our systems in science, technology, and education in order to rapidly develop these fields.

The meeting believed: In order to successfully carry out our reforms in all fields, it is essential to regulate macroeconomy and control consumer spending, the extension of credits, investments in fixed assets, and the use of foreign exchange and to ensure that they are within the limits of the state plan. Efforts must be made to give top priority to raising economic efficiency in doing economic work so that efficiency and speed will increase simultaneously, and economy in the province will be continuously developed in a healthy manner.

The meeting held: While developing socialist material civilization, we must also pay attention to developing socialist spiritual civilization. It is essential to strengthen our ideological and political work, extensively carry out education on fostering lofty ideals and enforcing discipline so that all the people in the province will foster lofty ideals, moral integrity, education, and a sense of discipline. Efforts must be made to further promote socialist democracy, strengthen the building of socialist legal system and continuously strike at all types of criminal offenses and economic crimes, give publicity to the legal system, and disseminate legal knowledge.

The meeting called on people's governments at all levels throughout the province to streamline their structures step by step and according to the guidelines laid down in the directives of the CPC Central Committee and the State Council and strive to raise their work efficiency in various government organs. All state functionaries must maintain close touch with reality, remain honest in performing their official duties, strictly observe law and discipline, and wholeheartedly serve the people.

The meeting called on all the people in the province to earnestly implement the resolution adopted by the third session of the sixth provincial People's Congress, the resolution of the Third Session of the Sixth NPC, and the guidelines laid down by the eighth provincial party congress; to implement the principles that Jiangxi's speed in developing its economy must be slightly faster than the national average and that it is essential to enliven the domestic economy and implement the open-door policy even more boldly; and to work harder than ever before to fulfill this year's various tasks.

JIANGXI MILITARY DISTRICT CPC COMMITTEE MEETS

OW092343 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 5 Jul 85

[Text] The provincial military district CPC Committee convened an enlarged plenary meeting today for the purpose of relaying and implementing the guidelines set by the enlarged session of the Central Military Commission, according to a report by the military district's Political Department.

First Political Commissar of the provincial military district Bai Dongcai and Secretary of the provincial CPC Committee Wan Shaofen addressed the meeting. Among those attending were secretaries of various prefectural and city CPC Committees.

Comrade Wan Shaofen said in her speech: At present, making economic construction a success is a task of prime importance for the whole party and the whole country. The work of Army structural reform and reduction-in-strength reorganization is a concrete action subordinate to and serving the purpose of this task. To this Army action, party committees and governments in all localities give firm support. They will do their best to create favorable conditions for implementing the relevant policy decision made by the provincial military district CPC Committee.

In her speech Comrade Wan Shaofen spoke highly of PLA contributions to constructing and safeguarding the motherland. She said: The past decades witnessed enormous contributions made by the PLA to the seizure and consolidation of the political power and to the great cause of building and safeguarding socialism. The party and people will never forget these contributions. Now that the Army is carrying out structural reform and reduction-in-strength reorganization, a lot of Army comrades will come to do civilian work in various localities. We welcome them. These comrades are valuable assets of the party and qualified personnel for the program of the four modernizations. Our party committees and governments in all localities will certainly make every effort to provide jobs for them, help resolve their difficulties, and see that their intelligence and wisdom are used fully in the four modernizations drive.

Referring to the provincial military district's reduction-in-strength reorganization, Comrade Wan Shaofen said:

After the Army's reduction-in-strength reorganization, party committees in all localities should give an even fuller play to the glorious tradition of the party being in charge of the Armed Forces and strengthen their leadership over the work of militia and reserve service. An old revolutionary base area and the birthplace of the People's Army, Jiangxi has the glorious tradition of the party being in charge of the Armed Forces.

No matter how the system and organization of the People's Armed Forces departments may change, local party committees should not discard this tradition and relax their efforts in militia and reserve service work. Especially with the number of regular troops being reduced, it is necessary to understand our work concerning the People's Armed Forces in light of their strategic role in bringing about national prosperity and ensuring our country's long-term orderliness and security. It is necessary to strengthen the leadership over militia and reserve service work and to open up a new situation of this work with a high sense of responsibility.

JIANGXI CPPCC COMMITTEE ELECTS NEW MEMBERS

OW090424 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 1 Jul 85

[Text] The Third Meeting of the Fifth Jiangxi Provincial CPPCC Committee has successfully concluded all the items on its agenda in the past 11 days, thanks to the joint efforts of the deputies. It held a solemn closing meeting at Zhongshan Hall in Nanchang today. Present were Executive Chairmen Yang Yongfeng, He Shikun, Liu Jianhua, and Wu Tiyu. Seated on the front row of the rostrum were Chairman Hu Ping and Vice Chairmen Yang Yongfeng, He Shikun, Lu Xiaopeng, Shen Hanqing, Liu Jianhua, Lu Liang, Zhu Danhua, Li Shanyuan, Wu Yongle, Wu Tiyu, and Jin Liqiang of the provincial CPPCC Committee. Also seated on the rostrum were Standing Committee members of the provincial CPPCC Committee and the members of the National CPPCC Committee who happened to be in the province. Invited to attend today's meeting and seated on the rostrum were government, party, and Army leaders in the province Wan Shaofan, (Liu Fangren), Ni Xiance, Xu Qin, Wang Baotian, Wang Shufeng, Wang Zemin, Zheng Xiaoxian, Huang Xiandu, (Peng Shenxi), (Qian Jiaming), (Sun Xiyue), (Chen Guizhen), and Wang Guande.

Executive Chairman Wu Tiyu announced the opening of the meeting. A total of 47 deputies attended today's meeting, forming a quorum. The first item on today's agenda was to elect the additional vice chairmen and Standing Committee members of the Fifth Jiangxi Provincial CPPCC Committee. The deputies voted by secret ballot. As a result, (Wu Yunzhong) was elected vice chairman of the provincial CPPCC Committee and (Wang Xianzhai), (Liu Kun), (Sun Dianya), (Su Min), (Du Bensun), (Li Wenjin), (Song Mihua), (Wu Huizhi), (Lei Shimao), and (Xiong Wenshu) were elected Standing Committee members of the provincial CPPCC Committee. The meeting adopted a resolution to accept the resignations submitted by Zhu Danhua, (Wang Dachuan), (Sun Yaheng), (Ping Hong), (Shen Gan), (Niu Fushou) and (Shen Fu), and (Wang Linzhen). The deputies saluted those veteran comrades who had resigned from their posts as vice chairmen and Standing Committee members of the provincial CPPCC Committee with their warm applause. The meeting also adopted the resolution of the third meeting of the fifth provincial CPPCC Committee and the report delivered by the committee for handling motions of the fifth provincial CPPCC Committee on how motions were handled and screened by the third meeting of the fifth provincial CPPCC Committee. The meeting triumphantly concluded in the majestic strains of the national anthem.

GUANGZHOU PLA PROMOTES PARTY RECTIFICATION

OWO72326 Beijing XINHUA Domestic Service in Chinese 0752 GMT 6 Jul 85

[By reporters Zheng Guolian and Chen Maolin]

[Excerpts] Guangzhou, 6 Jul (XINHUA) -- Units under the Guangzhou Military Region engaged in second-stage party rectification are striving to do a good job in order to ensure the PLA's smooth progress in streamlining and reorganization.

The party rectification work was unfolded in the military region's corps-level units and division-level units, and units directly under the military region, respectively, in November last year and May this year. Because of the upcoming Army streamlining and reorganization, some units relaxed their efforts at party rectification in the early stage. Meetings were promptly called by all units engaged in party rectification to study how to complete the tasks of the party rectification in a comprehensive manner in accordance with the CPC Central Committee's decision on party rectification and under the situation of troop reduction and reorganization in order to achieve unity in thinking among leading cadres. As a result, they came to realize that although changes in the troop establishment system would take place in the reduction-in-strength reorganization and some people might have to change their jobs, the tasks of carrying out party rectification and intensifying party building should remain unchanged. At the same time, they also realized that only by successfully carrying out party rectification in ideology, organization, and work style can the reduction-in-strength reorganization be completed smoothly. All units mapped out their own measures for guiding party rectification, readjusted and replenished the leading organ for guiding party rectification, and stepped up the guidance, supervision, and examination of lower-level units' party rectification work. Remedial actions were promptly taken to correct shortcomings.

The Guangzhou Military Region's units engaged in second-stage party rectification have continuously deepened the party rectification work in close coordination with the concrete tasks of troop reduction and reorganization. In light of new situations and new problems arising in the reduction-in-strength reorganization and ideological state of the large number of party members, the units have defined the primary tasks for each party rectification stage and the focuses of ideological education among the party members in order to realize their consciousness in party spirit, discipline, and style, and solve ideological problems regarding troop reduction and reorganization. After completing the education on "willing to suffer hardships for the sake of the people," all units recently began the education on "subordinating everything to the overall situation and obeying the party's arrangements" and on carrying on the party's fine style, with special emphasis on helping the large number of party members and cadres deepen their understanding of the great significance of the reduction-in-strength reorganization, enhancing their consciousness in implementing this strategic policy decision of the CPC Central Committee and the Central Military Commission, correctly handling the relationship between the whole and the part and between revolutionary and personal interests in firmly implementing orders and instructions from higher authorities and accepting transfer of job with delight, and strictly guarding against and correcting unhealthy tendencies involving cadres' improper use of funds that may appear in the reduction-in-strength reorganization.

Now, an atmosphere of stressing party spirit, considering the overall situation, and abiding by discipline is prevailing in all units engaged in party rectification. A large number of corps and division leading cadres have pledged to party committees at the next level or at meetings of office cadres to resolutely subordinate themselves to the overall situation of national construction and Army building and, putting aside personal losses or gains, obey the party's arrangements with delight in troop reduction and reorganization.

GUANGXI RIBAO ACCLAIMS PEOPLE'S CONGRESS SESSION

HK110729 Nanning Guangxi Regional Service in Mandarin 1130 GMT 9 Jul 85

[GUANGXI RIBAO editorial: "Open Up a New Path and Advance in a Down-to-Earth Manner -- Warmly Celebrating the Victorious Conclusion of the Third Session of the Sixth Regional People's Congress and of the Third Session of the Fifth Regional CPPCC Committee"]

[Excerpts] The editorial says: The Third Session of the Sixth Regional People's Congress and the Third Session of the Fifth Guangxi Regional CPPCC Committee concluded one after another. We are warmly celebrating the success of these sessions.

Doing well in economic construction is an overall situation of the whole country and the whole region and is the desire of the party and the people. The current situation is very advantageous to our region's economic construction. The CPC Central Committee has already made a blueprint of socialist modernization for us, has formulated national policies on reform and opening, and has successively made decisions on three reforms -- economic, scientific and technological, and educational reforms.

In accordance with the spirit of the instructions of the CPC Central Committee and in conjunction with the realities of Guangxi, since the beginning of last year, the regional CPC Committee and people's government have formulated and transmitted one after another some 20 documents on economic reform. The region's political and economic situation in the first half of this year was relatively good. Since the fifth regional party congress and these two sessions, our ideology and understanding has been unified and we have not only defined the advance target but also strengthened unity. We also have an organizational guarantee. It can be said that everything is ready for us to do well in our region's economic construction and in bringing about an upswing in Guangxi's economy and all that we need is an east wind. The east wind means doing work in a down-to-earth manner and means that the whole region makes concerted efforts to open up a new path and to advance.

Leading comrades of the central authorities have repeatedly instructed that we must indulge less in idle talk but do more practical work. This conforms to the practical situation and is of practical significance. Seriously implementing this instruction is an important guarantee for us to do well in economic construction and all other aspects of work.

Economic construction and structural reform is an extremely arduous and complicated task. We lack experience and shall surely encounter many problems and difficulties. This requires us to be modest and prudent, to work hard and in a down-to-earth manner, and to implement the tasks, principles, and policies one by one at the basic levels which have been formulated by the CPC Central Committee and the regional CPC Committee so as to turn them into the actions of the masses and to achieve real economic and social results. We must go deep into realities to conduct investigation and study and must find and solve new problems. Together with the masses, we must sum up experience and lessons in practice and must find the way to carry out reform. We must continue to emancipate our mind, relax policies, open to the outside world, invigorate the domestic economy, and give full play to the economic advantages of our region. While building material civilization, we must seriously do well in grasping the building of spiritual civilization. At present, we must particularly do well in grasping education in ideals and discipline.

We must constantly enhance the masses' level of conscientiousness, must strengthen the building of the legal system, and must gradually popularize general legal knowledge so that we can establish a new custom that everybody studies, knows, abides by, and enforces the law; can ensure a stable and good social order; and can peacefully embark on the four modernizations. Cadres at all levels must firmly establish the idea of wholeheartedly serving the people and must foster the party's excellent traditions of seeking truth from facts, of plain living, and of hard struggle.

This year is the first year to implement the decision of the 3d Plenary Session of the 12th CPC Central Committee and to unfold the restructuring of the national economy with the focus on the urban economy and is also the first year to carry out the tasks of striving to bring about an upswing in Guangxi's economy as soon as possible which were put forward by the 5th regional party congress. Whether our work this year is good or bad has a great bearing on our future. Our time is precious and this opportunity cannot be missed. We must use our main energy to implement all tasks and policies and use the restructuring of the national economy to bring along the other aspects of work.

The people's congress deputies and the CPPCC Committee members are shouldering a glorious task. They must make still greater contributions toward the unity of people of various circles and all nationalities and toward the invigorating of Guangxi. Under the leadership of the central authorities, the regional CPC Committee, and the regional people's government, all cadres and people of all nationalities are in the same boat and must help each other, must vigorously accomplish all aspects of work for this year, and must struggle hard to strive for still better results in our region's economic construction this year and to create a new situation in the economic prosperity in our region.

HENAN PEOPLE'S CONGRESS COMMITTEE SESSION OPENS

HK101323 Zhengzhou Henan Provincial Service in Mandarin 1400 GMT 9 Jul 85

[Text] The 15th Meeting of the 6th Henan Provincial People's Congress Standing Committee opened in Zhengzhou yesterday morning. Zhang Shude, chairman of the provincial People's Congress Standing Committee, presided over the meeting. Vice Chairman Ma Ruihua conveyed the spirit of the 11th Meeting of the 6th NPC Standing Committee.

The meeting examined and discussed the detailed draft rules and regulations of the law on the protection of cultural relics, which had been put forward by the Luoyang City People's Congress Standing Committee. The meeting also listened to the report of the provincial Water Conservation Department on antiflood work in our province this year, the report of the provincial Posts and Telecommunications work in our province, and the report of the provincial Culture Department on the situation in culture and literary work in our province. Vice chairmen of the provincial People's Congress Standing Committee, including Guo Tan, Yue Xiaoxia, Ma Ruihua, Lin Xiao, Ding Shi, Wang Peiyu, Guo Peijun, and Fan Lian, attended the meeting.

HUBEI RADIO COMMENTARY ON IMPROVING SOCIAL ORDER

HK281521 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Jun 85

[Station commentary: "Comprehensive Management Is a Cause of the Whole Party and the Whole Society"]

[Text] The CPC Central Committee has recently and clearly pointed out: To ensure a basic improvement in social order, it is necessary to carry out comprehensive management.

It has emphasized many times that this is a cause of the whole party and the whole society. Comprehensive management must be carried out under the unified leadership of CPC Committees and the government.

However, leading comrades of some of our departments or units have not yet understood this. In their opinion, it seems that comprehensive management is a matter of the public security and political and legal departments and is not included on their agenda. These comrades have not sufficiently understood that the problems of social order are caused by many factors. Crime is a complicated social phenomenon and is affected by various social conditions such as political, economic, ideological, and cultural conditions. The emergence, changes in, and consequences of various problems of social order, including crime, are complicated. Various social forces and comprehensive management must be relied on to solve these problems.

The leading comrades of all our fronts, departments, and quarters, such as propaganda, education, administrative, and management departments; trade unions, CYL committees, women's federations; and economic and People's Armed Forces departments, must ideologically attach great importance to comprehensive management, regard it as their own task, and place it in an important position.

The aim of comprehensive management is to prevent and reduce crime. If we do not greatly enhance people's concept of the legal system, it is impossible to achieve the basic improvement of social order and the general mood of society. A fairly large number of criminals have violated the law but do not know the laws and have committed crimes but do not know the crimes.

Therefore, popularizing general legal knowledge and strengthening people's concept of the legal system is a basic measure for comprehensive management and is also a current major task of leaders at all levels. Only by regularly and extensively conducting education in the legal system, popularizing general legal knowledge, making everyone know and abide by the law, and strengthening their concept of the legal system can we uphold the stability of the state; guarantee the smooth progress of reform of the economic structure and the four modernizations; make organs, organizations, enterprises, institutions, and individuals know that they must engage in activities within the scope permitted by the Constitution, laws, and policies; correctly handle the relationship between the state, the collective, and the individual, and among people; establish good social morality and a good mood in society; promptly curb the unhealthy trends and the violation of the law and discipline; avoid losses and being fooled in economic contacts with foreign countries; protect the interests of the state; uphold the dignity of the state; and ensure the long-term peace of the state. We believe that as the whole party carries out comprehensive management and all laws take hold in the hearts of the people, a continuous improvement in social order and the general mood of society in our province will be made.

GIANT HYDROPOWER, IRRIGATION DAM PLANNED IN HUBEI

HK120325 Beijing RENMIN RIBAO Overseas Edition in Chinese 3 Jul 85 p 1

[Report: "Sanxia Dam, a Huge Hydropower Project, To Be Built on the Chang Jiang"]

[Text] A giant-sized, key irrigation project measuring up to the world level -- Sanxia Dam -- will soon appear at Santouping on the lower section of the Chang Jiang Xilingxia.

Santouping is situated on the lower section of the Chang Jiang Xilingxia more than 40 km further along from the upper part of Yichang City. Its geographical position is satisfactory, with excellent conditions provided for the supply of resources. It is an ideal site for the development and control of the Chang Jiang.

At present, a program is under study for building a dam. It is generally held that the dam should have a height of more than 175 meters, with a normal water level of 150 meters, provide a capacity of more than 9 billion cubic meters, and have 26 hydropower generators with a total generating capacity of more than 60 billion units. After its completion, the project can provide large amounts of electricity for central China and east China, with the benefited areas extending north to the capital, east to Shanghai, and south to Guangzhou. This will play a tremendous part in solving the energy problem. Meanwhile, this will also stimulate the development of tourism, the breeding trade, and other undertakings in that region.

The Sanxia irrigation project is an important one, with a scale and impact seen in the world. The amount of work involved in the preliminary stage of the Sanxia project is also rarely seen. At present, an overall start has been made on preliminary preparations for building the dam. The building of this hydropower project with the largest installed capacity in the world has aroused attention from various countries of the world. A relevant magazine in the United States called it "big news" in the world.

HUNAN CADRE MEETING STRESSES ARMY STREAMLINING

HK120205 Changsha Hunan Provincial Service in Mandarin 2300 GMT 11 Jul 85

[Text] On the morning of 11 July, the provincial CPC Committee convened a meeting of party-member cadres at the level of deputy department head and above in the provincial organs. Jiang Jinliu, member of the Standing Committee of the provincial CPC Committee and commander of Hunan Military District, conveyed a recent important speech of a leading central comrade on the streamlining and reorganization of the Armed Forces.

Liu Fusheng, deputy secretary of the provincial CPC Committee, presided and made a speech. He said: Reforming the structure of the Armed Forces, streamlining and reorganizing them, and reducing the number of their personnel by 1 million is an important policy decision of the CPC Central Committee and the Central Military Commission based on the overall situation of national economic construction, on the current condition of the Armed Forces, and on the demands of their construction.

The party committees and government at all levels must work to complete the task of resettling demobilized Army cadres, applying a high sense of political responsibility. We must take the initiative to help in solving problems in the resettlement of Army cadres, staff, and workers, and other problems that arise in the course of streamlining and reorganization. We must help the PLA units to take good care of all their property, and ensure the smooth progress of streamlining and reorganization.

Liu Fusheng stressed: We must further step up the work of building reserve divisions and the militia, launch extensive activities to support the Army and give preferential treatment to its dependents, and organize joint building of civilization by Army and people. We should make new contributions to the modernization of the Armed Forces.

FOURTH YUNNAN CPC CONGRESS ACTIVITIES REPORTED

An Pingsheng on Leadership

HK100209 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 9 Jul 85

[Text] In the third part of his work report to the fourth provincial party congress, Comrade An Pingsheng spoke on further strengthening and improving party leadership and ensuring the victorious accomplishment of the party's general task and goal.

Comrade An Pingsheng proposed that the following tasks must be done well in order to further strengthen and improve party leadership:

1. Insist on high standards and quality in completing the task of comprehensive party rectification. He said: At present party rectification has been basically completed in the first group of provincial organs and in 130 units in Kunming City. Generally speaking, rectification there has attained the predicted goals. However, there are also a number of problems. Second-stage party rectification began in spring this year. Party rectification in the districts, townships, and units subordinate to counties will be conducted next year. We should strive to have the entire party rectification task completed by the end of 1986.

Party rectification must be closely integrated with the new problems that have currently emerged in the course of reform. We must focus on the key points, stress practical results, ensure quality, improve the ideological and work standards of the whole party, guarantee reform, stimulate the economy, and bring about a fundamental turn for the better in party style.

We must seriously study the relevant central documents and the important speech delivered by Hu Yaobang during his inspection of Yunnan. We must profoundly appreciate the spiritual essence of the central documents. We must regard curbing new unhealthy trends as the breakthrough point in second-stage party rectification.

We must continue to carry out in-depth ideological education in totally negating the cultural revolution and the two factions, strengthening party spirit, and eliminating factionalism.

In the work of weeding out people of three categories, we must uphold the principle of avoiding inflation of the work while ensuring that not one slips through the net.

Whether they are conducting party rectification now or have not yet launched it, all places and units must actively and cautiously tackle the work of recruiting party members, gradually change the educational and knowledge structure of the party members, and transform the situation of few party members in the forefront of production.

2. Step up the building of the leadership groups at all levels in accordance with the demand for four transformations of the cadre force. We must uphold the demand for four transformations, continue to eliminate leftist influences and the prejudice of looking down on knowledge and intellectuals, and establish the concept of employing people in the new period. We must apply the method of combining the mass line with examination by the organization, and boldly and decisively promote to leadership posts outstanding middle-aged and young cadres with good ideology and politics, and upright work style, who are relatively well educated and have talent, ability, and the pioneering spirit, and are capable of creating a new situation.

Speeding up the building of the third echelon and establishing a regular reserve cadre system is a current key project in building the cadre force.

3. Persist in democratic centralism and improve leadership style and methods. Comrade An Pingsheng said: It is currently essential to lay stress on putting on a sounder basis and further perfecting collective leadership, organizing division of work and responsibility, and the democratic life system. All major issues must be submitted to the party committee for collective discussion. People must be bold in taking responsibility for the work in their charge, and take decisions without buck-passing or procrastination.

4. Launch united front work in a still more extensive and deep-going way. The first task in this work is, as before, to continue to strengthen education in the party's united front theory, principles, and policies in the new period, to enhance the understanding of the whole party regarding the importance of the united front. United front work must be placed on the agenda of the party committees.

5. Strengthen unity within the party and strive to handle well the various relationships. In Yunnan, we must firmly embrace the idea of unity first. This is the key to whether Yunnan can advance in big strides. The party committees at all levels must always pay attention to acting according to party principles in correctly handling the various relationships, so as to strengthen party unity and ensure that our party's cause can flourish and prosper still more.

Discipline Commission Report

HK100229 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 9 Jul 85

[Text] In its work report to the fourth provincial party congress, the Yunnan Provincial Discipline Inspection Commission stressed that the party committees, discipline inspection commissions, and departments concerned throughout the province must unite as one and strive for a fundamental turn for the better in party style.

The report summed up the main work and experiences of the commission since its reestablishment more than 5 years ago. The report put forward the following four specific views on future work:

1. In the new historical period, it is necessary to continually strengthen the party's discipline inspection work. The party committees and discipline inspection commissions at all levels must, in understanding and action, handle correctly the relationship between economic construction and reform on the one hand and correcting the party style on the other. The party committees must attach importance to this, the leadership must take the lead, and the systems must be on a sound basis. We must truly form a new situation in which the whole party works to improve party style.

2. Do a good job in comprehensive party rectification and promote a fundamental turn for the better in party style. Upholding high standards and quality in completing the task of comprehensive party rectification is the important guarantee for accomplishing a fundamental turn for the better in party style. In party rectification, we must focus on solving well the problems of strengthening party spirit and straightening out new unhealthy trends. It is necessary to step up education in party spirit and discipline, and continue to conduct education for the party members in serving the people wholeheartedly, in the lofty communist ideal, in the concept of the overall situation, and in organization and discipline. We must continually enhance the party's combat strength.

3. Resolutely correct the unhealthy trends that have emerged in the new situation, to ensure the smooth progress of reform of the economic structure and the four modernizations. Areas and departments that have done relatively well in straightening out new unhealthy trends must continue to make efforts in this respect. Those that have done the work in a superficial way must seriously make up for the missed lesson. As for those which will still refuse to move and even adopt an erroneous attitude of applying counterstrategy against higher policy and continue to indulge in unhealthy trends, the upper-level party organizations must take effective steps to solve the problems there as quickly as possible.

4. Strengthen leadership over discipline inspection work. We must further straighten out the guiding idea on discipline inspection work and ensure that the main effort is shifted to solving problems in party style.

The delegates attending the congress held panel discussions on this report on the afternoon of 8 July.

Preliminary Elections Held

HK110537 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 10 Jul 85

[Text] The presidium of the Fourth Yunnan Provincial CPC Congress held its Fifth Plenary Session this afternoon and Comrade An Pingsheng presided. This plenary session of the presidium discussed and adopted the namelists of the candidates for positions members and alternate members of the Fourth Yunnan Provincial CPC Committee, members of the provincial Advisory Commission, and members of the provincial Discipline Inspection Commission that were proposed by the Standing Committee of the Presidium. This afternoon, with each delegation as a unit, all deputies attending the congress discussed the namelists of the candidates for positions as members and alternate members of the fourth provincial CPC Committee, as members of the provincial Advisory Commission, and as members of the provincial Discipline Inspection Commission.

This morning, the Fourth Yunnan Provincial CPC Congress held a plenary session in the People's Shengli Hall. Li Qiming, executive chairman of the congress, presided.

At this plenary session, the deputies conducted a preliminary election, in the form of a secret ballot, of the members and alternate members of the Fourth Yunnan Provincial CPC Committee, the members of the provincial Advisory Commission, and the members of the provincial Discipline Inspection Commission.

The executive chairmen at today's session were Zhao Tingguang, Yu Huoli, Wang Xintian, Zhang Zhimin, (Han Wenming), (Luo Guangxi), (Bao Yongchang), and (Li Boliang).

Democratic Parties Forum Held

HK111442 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Jul 85

[Text] This morning the provincial CPC Committee held a forum for leaders of the province's democratic parties and nonparty democratic figures. At the forum, the provincial CPC Committee made known the situation of the fourth provincial CPC congress. In addition, the committee exchanged views on a change of personnel in the provincial People's Congress, the provincial government, and the provincial CPPCC.

Comrade An Pingsheng introduced the situation of the fourth provincial CPC Congress and the suggestions of the provincial CPC Committee on a change of personnel in the provincial People's Congress, the provincial government, and the provincial CPPCC.

Leaders of the province's democratic parties, as well as nonparty democratic figures, delivered speeches at the forum. They were pleased to note that the fourth provincial CPC Congress had been held smoothly. They agreed with the provincial CPC Committee on the suggestions about a change of personnel in the provincial People's Congress, the provincial government, and the provincial CPPCC. Furthermore, they proposed many good suggestions on expediting the pace of the four modernizations in Yunnan.

Comrade An Pingsheng spoke at the concluding session of the forum. He said Today's forum has given full play to democracy and has been successful, as everyone has expressed his view. We can see how our undertakings are thriving.

An Pingsheng also said: In the past we have made joint efforts with the democratic parties and have made achievements in our work. From now on we must further continue to coordinate with each other. It is hoped that the participating comrades will continue to strive with us to do well in Yunnan's undertakings so that the province's people of various nationalities will attain prosperity at an earlier date.

Present at the forum were leaders of provincial democratic parties and nonparty democratic figures, including Yang Kecheng, Yang Ming, Qu Zhongxiang, Zhang Xiangshi, Xiang Chaozong, Ma Huiting, Jin Qiongying, (Yang Chuanzhou), (Yang Weiyun), (Ma Siqiu), (Lin Nanyuan), (Zhao Tonglin), (Chen Rongjia), (Zhang Benqiong), (Wang Zhaoming), (Yu Xianxun), and (Bai Zhongping).

The forum was attended by responsible comrades of the provincial CPC Committee, the provincial People's Congress Standing Committee, and the provincial CPPCC, including Pu Chaozhu, Li Qiming, Liu Minghui, Liang Jia, Zhao Tingguang, Liu Shusheng, and Zhu Jiabi. Also present was (Yang Yitang), director of the provincial CPC Committee United Front Work Department.

New Committee Members Elected

HK111430 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Jul 85

[Text] This afternoon, the fourth provincial CPC Congress held a plenary session at the People's Victory Hall. Liu Minghui, executive chairman of the congress, presided over the session.

At the plenary session, the representatives elected by secret ballot 56 members and 14 alternate members of the 4th provincial CPC Committee, 40 members of the provincial Advisory Commission and 33 members of the provincial Discipline Inspection Commission.

The session invited 694 representatives to attend. Of these, 28 were absent because of illness or personal matters, while the other 666 attended the session. This number met the requirement of the regulations in regard to elections. Therefore the election results are valid.

Other executive chairmen attending the session included Liu Shusheng, Zhu Kui, Zhu Jiabi, (Li Shuji), (Zhu Changjiao), (Fei Ruchang), (Duan Yihua), (Yang Bayun), and (Huang Bingsheng).

Congress Concludes 12 Jul

HK120431 Kunming Yunnan Provincial Service in Mandarin 0400 GMT 12 Jul 85

[Excerpts] The Fourth Yunnan Provincial CPC Congress solemnly held its closing ceremony in the People's Victory Hall, Kunming, this morning after completing its agenda. The congress passed resolutions on the work reports of the Third Yunnan Provincial CPC Committee and the provincial Discipline Inspection Commission.

An Pingsheng, executive chairman of the congress, presided at the closing ceremony and made a speech. Other executive chairmen present included Li Xingwang and Li Guiying.

The resolution on the work report of the third provincial CPC Committee said: In the 5 years since the 3d provincial CPC Congress, the provincial CPC Committee has led the people of the whole party organizations at all levels and the people of all nationalities in the province in resolutely implementing the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee, and has achieved great success in the struggle to achieve the general task and goal set by the 12th CPC Congress.

The resolution said: The task of striving to achieve ahead of schedule the goal of doubling total industrial and agricultural output value by 1990, the various tasks in building socialist material and spiritual civilization, and the measures for achieving this set out in the report reflect the common aspirations and resolute determination of the people of all nationalities in Yunnan. In the next 5 years we must carry out the reform of the entire economic structure, focused on the cities, in a resolute and measured way, and ensure the sustained, steady, and coordinated development of the national economy.

The resolution on the work report of the provincial Discipline Inspection Commission said: The congress approves this report and expresses satisfaction with the work of the commission since its reestablishment. The congress demanded that the provincial and local Discipline Inspection Commissions at all levels act according to the party Constitution and in the spirit of Comrade Hu Yaobang's report at the 12th CPC Congress and the work report of the 3d Yunnan Provincial CPC Committee in further stepping up discipline inspection work. The congress also demanded that the party organizations and members throughout the province unite still more closely around the CPC Central Committee, seriously grasp the building of spiritual civilization while promoting material civilization, achieve a good work style of the ruling party, enhance the party spirit awareness of the party members, and staunchly uphold communist purity. It is necessary to wage resolute struggle against all violations of communist ideals and morality.

The whole party should swing into action to bring about a fundamental turn for the better in party style, do a good job in reform of the economic structure, and build Yunnan into a beautiful border region of the motherland.

MILITARY COMMISSION AFFIRMS BEIJING RECTIFICATION

OW110043 Beijing XINHUA Domestic Service in Chinese 0210 GMT 9 Jul 85

[By reporter Jiang Qingzhao]

[Text] Beijing, 9 Jul (XINHUA) -- Under the new situation of structural reform and reduction-in-strength reorganization, party committees at all levels in the Beijing Military Region have resolutely, seriously, and earnestly carried out second-stage party rectification by effectively, and carefully, organizing and giving specific guidance to the work, thereby promoting and ensuring the smooth progress of reduction-in-strength reorganization with party rectification.

Leading comrades of the Central Military Commission recently affirmed the Beijing Military Region's second-stage party rectification, noting that the military region's energetic and meticulous efforts have produced fruitful results.

The efforts of the Beijing Military Region party committee can be summarized in the following main points:

1. Each party committee is responsible for the work at the next lower level. In accordance with the Central Military Commission's demands, the military region party committee put forward a clear-cut guideline, calling on each party committee to hold itself responsible to the military commission and the military region party committee while carrying out Army building in the course of second-stage party rectification. Based on this guideline, the military region party committee paid special attention to the work of party committees at and above corps level, while corps-level party committees were given the responsibility for party rectification work specifically at divisional-level units, in line with the military region's arrangements and requirements. In this way, strict demands were set for each party committee to take charge of the work at the next lower level, through helping lower-level party committees correct the guiding ideology for party rectification and successfully carrying out the work, and through promptly understanding, and assisting in problems facing lower-level party committees in party rectification, thereby ensuring the smooth and wholesome developments of party rectification in all units.

2. Efforts are to be made to step up comprehensive analysis and give specific guidance. As there were more than 100 units in the whole military region undergoing second-stage party rectification, the situation was rather complicated, and each unit faced different problems. While formulating an overall plan, and arrangements and requirements for every step and phase of party rectification, the military region party committee attached a great deal of importance to proceeding from reality by taking into consideration the situation and special characteristics of each unit, and laying different emphasis on each, instead of demanding uniformity in everything.

Take, for instance, the question of correcting new, unhealthy practices. In view of the two different situations of insufficient and excessive efforts by some units regarding this question, leading comrades of the military region party committee and its office for guiding party rectification, after hearing reports from each unit dispatched an inspection group to check the situation in each unit and verify the facts, then conducting a comprehensive study, and formulating demarcation lines in applying policies for solving eight different types of problems. In this way, the military region party committee achieved fruitful results in timely correction of deviations.

Before entering the phase of comparison and examination, the military region party committee put forward a 5-point requirement for all units, while patiently and meticulously helping party committees at and above corps level and their leading comrades to accurately identify principal problems in order to enhance their ideological awareness, formulate measures for improvement, and ensure a high standard and quality in the comparison and examination phase.

3. Efforts are to be made to sum up exemplary experiences in good time. Over the past 6 months, the military region party committee and its office for guiding party rectification promptly summed up and popularized a series of fresh experiences of all units engaged in party rectification, thereby effectively promoting and guiding party rectification work in all units. Especially during the phase of studying the documents on party rectification, they diligently studied and applied the method of "study, discussion, talks, and enlightenment" formulated by Yu Qiuli, director of the PLA General Political Department, and achieved marked results in promptly popularizing the experiences. In the course of conducting education on "enhancing party spirit, strengthening discipline, and subordinating to the overall situation," the military region party committee and its office for guiding party rectification issued a timely circular to commend a number of outstanding party members and cadres for making a correct decision on whether to stay in the Army during the reduction-in-strength reorganization, thereby having a far-reaching influence on all units.

Recently, while all division-level units were unfolding party rectification work, the military region party committee's office for guiding party rectification again summed up and popularized in good time advanced units' experience in "studying the documents, while conducting comparison, examination, rectification, and correction," which has provided an effective way for divisional-level units to quickly carry out the heavy tasks of party rectification.

LI LIGONG REVIEWS SHANXI CPC COMMITTEE WORK

OW100137 Beijing Domestic Service in Mandarin 1200 GMT 2 Jul 85

[Text] Li Ligong, secretary of the Shanxi Provincial CPC Committee, summed up the work of the Fourth Shanxi Provincial CPC Committee at the current Fifth Shanxi Provincial CPC Congress. He pointed out: While paying attention to the work of the culture front, and making efforts to promote socialist literary and art work in the course of building socialist spiritual civilization, we must consider the social effect of literary and art works, and be responsible to the next generation and the one after that.

He said: All literary and art workers and journalists should regard as their unshirkable and honorable duty the portrayal of this great time as well as arousing the patriotism and spirit of dedication to socialism and communism of all the people of the country. We should continue to avoid or prevent the leftist way of doing things which had prevailed among literary and art workers in the past, and ensure the freedom of creation.

The thinking and feelings of comrades working on the cultural front, particularly party members, should be closely connected to our great undertakings. Products of spiritual value should never be regarded only as commodities. Attention should be directed not only toward commercial value and interest of these products while neglecting their spiritual and educational value. We must try not to downgrade the quality of artistic works and performance in order to cater to the low taste of some backward people, and to increase box-office value and circulation. Propaganda and culture departments at all levels should strengthen leadership and control over the production and publication of all kinds of products of spiritual value.

On the one hand, we should ensure the writers' freedom to create all kinds of literary and art works that meet socialist needs, and, on the other hand, we should criticize promptly, seriously, and out of good will the unhealthy ones, and the ones that are detrimental to our socialist undertakings.

Under the guidance of expelling unhealthy foreign products but not all foreign things, we should actively promote cultural exchange with foreign countries, and strive to expel and crack down on books, newspapers, and audio and videotapes that disseminate corruptive thinking, and poison the minds of the people, particularly the youngsters.

SHANXI TO USE MORE FOREIGN FUNDS FOR INDUSTRIES

OW110828 Beijing XINHUA in English 0807 GMT 11 Jul 85

[Text] Taiyuan, July 11 (XINHUA) -- Shanxi, China's leading energy and heavy and chemical industrial center, has decided to concentrate foreign investment in coal mining, metallurgy, machinery, building materials and chemicals, a local official said here today.

Over one-third of the 200 projects prepared for the coming international economic and technological forum are in these fields, said Peng Lixin, director of the provincial Office of Foreign Economic Negotiations. The second forum will be held from August 20 to 30 in Taiyuan, capital of Shanxi. The first took place in April 1984.

Peng said that the 200 projects, 90 more than in 1984, will cost 220 million U.S. dollars in hard currency, twice as much as last year.

Shanxi plans coal output between 360 million and 400 million tons by the turn of the century, requiring an average increase of at least 15 million tons annually from now on, he said.

In the past few years, he said, Shanxi has done everything to guarantee the construction of key state projects, encouraged peasants to run coal mines and built transport facilities and auxiliary industries in mining machine-building, metallurgy, building materials and power.

GANSU VICE GOVERNOR URGES ECONOMIC DEVELOPMENT

HK100837 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 8 Jul 85

[Text] Yesterday afternoon [8 July], at a forum held by the provincial CPC Committee and government on economic work in central Gansu, Vice Governor Hou Songbin affirmed the experiences of Yongdeng County and other localities in taking town and township enterprises and urban collective economy as breakthrough points in developing county-level economy. He demanded that all localities in the province concentrate their efforts to grasp the economy, develop three industries simultaneously, promote exploitation according to local conditions, open the door to bring in funds and technology, and develop the economy by combining urban and rural areas.

In his speech, Vice Governor Hou Zongbin said: In order to concentrate efforts to grasp the economy, county-level leaders must genuinely shift the focus of their work, exert their main efforts to grasp economic work, develop three industries simultaneously, and correctly handle the relationships between industry, agriculture, commerce, and the service industry so that they can promote each other and develop jointly. We have now chosen to get rich by developing industry and treating town and township enterprises and urban collective economy as breakthrough points after making an analysis of the province's economic situation. At present the province's town and township enterprises and urban collective economy is at a very low level and accounts for a low percentage in the province's economy.

The experiences in the south have also told us that only by grasping the breakthrough point of town and township enterprises and urban collective economy, is it possible to rapidly develop economy, to achieve better economic results, and to make the masses rich fairly quickly. To promote exploitation according to local conditions, we must proceed from local reality and speed up the exploitation of natural resources according to the principle of giving full play to our strong points. To open our door and bring in funds and technology, we must open up both internally and externally, change the closed-type economy into an open-type economy, and develop our own economy by relying on others' strength.

To develop the economy by combining urban and rural areas, we must put an end to the situation of division between urban and rural areas and the divorce between industry and agriculture, combine urban and rural superiorities, use urban superiorities in industrial foundation, technological strength, and in intellectual resources to serve rural economic development, and use rural superiorities in natural resources and surplus labor force to serve urban economic development so that the province's economy can develop fairly quickly in a short time.

TAIPEI RADIO ON REAGAN-GORBACHEV SUMMIT TALKS

OW091415 Taipei International Service in English 0200 GMT 9 Jul 85

[Station commentary]

[Text] Announcements were made simultaneously in Washington and Moscow last week that President Reagan and Soviet leader Gorbachev will hold their summit talks in Geneva in late November. The announcement did not come as a surprise. President Reagan had declined to meet Gorbachev's immediate predecessor, but sought such a summit almost immediately after the new Soviet boss was enthroned over 3 months ago. Despite his denouncement of the Reagan administration's foreign policy, especially the star wars scheme, Gorbachev did not flatly say no to the U.S. suggestion.

The rapid consolidation of power by the Soviet leader undoubtedly played a part in Moscow's formal response to Reagan's summit proposal. Being the unchallenged boss, Gorbachev now can proceed with such summit talks with greater confidence. Both superpowers feel the need for such a meeting. Aside from the fact that the two leaders are eager to have a chance to size each other up through personal contact, there are a host of important issues of mutual concern remaining to be resolved. First and foremost among them is the Geneva arms talks, which are in fact three sets of negotiations concerning strategic nuclear weapons, medium-range missiles, and militarization of space. The talks in Geneva have almost bogged down with neither side yielding. No progress will be possible without some kind of mutual understanding between the leaders of the two countries. Although neither superpower would allow the other side to gain a decisive edge in military strength, they should like to see the arms race played down if not terminated because it is ruinous. In this regard, Gorbachev is probably more eager to reach an agreement with the United States so that he could turn his attention to the ailing Soviet economy, which has defied solution since the time of Khrushchev because of Moscow's singlemindedness in beefing up its military establishment.

An unbridled arms race will be also costly to the United States, which is already feeling the pinch of a huge deficit year after year. As both superpowers have a nuclear stockpile able to wipe each other out many times over, it is only natural that they will try everything possible to prevent an exchange of blows. Although a summit meeting between Reagan and Gorbachev cannot be expected to score any breakthrough, it should be an important step toward relaxing tension and finding the means to ensure peace.

COMMENTARY ATTACKS U.S. TRADE PROTECTIONISM

OW092337 Taipei International Service in English 0200 GMT 8 Jul 85

[Station commentary]

[Text] Twenty-eight delegates to the General Agreement on Tariffs and Trade, most of them representing developing countries, have sought support from U.S. officials to defeat a bill pending in Congress, which would curtail U.S. import of textiles and clothing from the Third World. Whether the bill can be held back remains in question, because protectionist sentiment has been getting stronger and stronger in the U.S. Congress day by day, as America's trade deficits keep mounting. Not only the U.S. textile and garment industries are demanding import curbs, other, less competitive, American manufacturers are also clamoring for strict import quotas.

There is no question that many American industries are hard hit under the onslaught of highly competitive foreign imports. Resenting the situation, they protested and demanded protection. However, erecting trade barriers is no solution to the problem. It can only hurt the American consumers and contribute to the stagnation of the world economy in general, as U.S. Secretary of State George Shultz pointed out not so long ago. He said: Protectionism is not the remedy to an illness, it is itself an illness which keeps prices up, reduces living standards, and stifles growth.

A case in point is the auto industry in the Republic of China. It has been under government protection for nearly a quarter of a century. The end result is that car prices in Taiwan are higher than those in other lands, and the local car makers have barely advanced beyond the assembly plant stage. Because of this bitter experience, the ROC Government has decided to gradually remove the protectionist barrier against foreign cars in the next 3 years.

Why is the U.S. buying more than it is selling to other countries? American manufacturers probably can cite a long list of causes. But the key to the problem is the strength of the dollar, which makes it difficult for U.S. goods to compete with foreign products in both the domestic and overseas market. The strength of the dollar stems in a large measure from the federal budget deficit. As long as the U.S. Government has to borrow heavily, interests will remain high, thereby creating a demand for dollars, and keep its value high.

So the best strategy to solve the U.S. deficit problem is to stimulate a stronger world-wide economic recovery, and strengthen other currencies in relation to the dollar. It is also hoped that the U.S. gradually phases out its labor-intensive industries, and concentrates on high-technology enterprises, which have been traditionally the pride of Yankee ingenuity. Also, the world is becoming increasingly mutually dependent in the economic arena. Its economic illness can be cured only by cooperation, not by isolation.

TAIWAN HALF-YEAR TWO-WAY TRADE SHOWS DECLINE

OW090537 Taipei CNA in English 0236 GMT 9 Jul 85

[Text] Taipei, July 8 (CNA) -- The Republic of China's two-way trade totaled U.S. dlrs 25.25 billion in the first half of 1985, representing a 1.3 percent negative growth or a decrease of U.S. dlrs 320 million as compared with the corresponding period a year ago, according to statistics released by the Directorate General of Budget, Accounting and Statistics Monday.

The statistics show that the nation's exports amounted to U.S. dlrs 15.05 billion, enjoying a one percent increase, while the imports decreased by 4.5 percent to U.S. dlrs 10.19 billion during the January-June period as compared with the same period last year. The ROC had a U.S. dlrs 4.86 billion trade surplus, the agency under the Executive Yuan reported.

An analysis made by the agency indicated that the United States maintained its status as the ROC's number one export market by importing U.S. dlrs 7.2 billion worth of Taiwan-made products in the first six months this year, accounting for the lion's share of 47.8 percent of the nation's total exports.

Japan was the second with U.S. dlrs 1.66 billion, accounting for 11.1 percent of the nation's exports; followed by Hong Kong, U.S. dlrs 1.38 billion or 8.9 percent, the analysis noted.

Meanwhile, the government accounting agency said Japan continued its role as the ROC's largest supplier of imported goods, with a market share of 27.7 percent or U.S. dlrs 2.82 billion, followed by the United States, U.S. dlrs 2.47 billion or 24.3 percent; and Saudi Arabia, close to U.S. dlrs 700 million or 6.9 percent.

It added that among the nation's exports in the first six months, agricultural products accounted for 1.6 percent; processed agricultural goods, 4.4 percent; and industrial products, 94 percent. Industrial and agricultural raw materials were the largest item of this country's imports, accounting for 68.8 percent; followed by capital equipment, 23.5 percent; and consumer goods, 7.7 percent.

The agency said in June alone, the ROC exported U.S. dlrs 2.65 billion worth of products while imports amounted to U.S. dlrs 1.55 billion, with a U.S. dlrs 1.1 billion surplus.

DIPLOMATIC RELATIONS WITH BOLIVIA SUSPENDED

OW111457 Taipei CNA in English 1440 GMT 11 Jul 85

[Text] Taipei, July 11 (CNA) -- The Republic of China Foreign Ministry announced Thursday suspension of the nation's diplomatic relations with Bolivia.

Bolivia formally recognized the Peiping regime July 9. The Republic of China Government regards the Bolivian action as very unfriendly to this nation, the ministry said in its statement Thursday.

The Republic of China Government has lodged a solemn protest with the Bolivian Government for its unfriendly action which will damage the interest of this nation. The ROC Government has also decided to suspend its diplomatic relations with Bolivia, the ministry said.

The Republic of China will close its embassy in La Paz and the consulate general in Santa Cruz. It will also call back its agricultural technical assistance mission and insect control assistance team stationed in that country, the ministry said.

The ROC Government, the ministry noted, has asked the Bolivian Government to continue giving legal protection and equal treatment to Chinese nationals residing in that country.

TA KUNG PAO VIEWS YAO YILIN VISIT TO USSR

HK120337 Hong Kong TA KUNG PAO in Chinese 12 Jul 85 p 2

[Editorial: "New Development of Sino-Soviet Economic Ties"]

[Text] Yao Yilin, vice premier of the State Council, is visiting the Soviet Union. Through the talks at the vice premier level, China and the Soviet Union on 10 July signed a 5-year trade agreement in Moscow. According to this agreement, China and the Soviet Union will supply each other with goods worth \$14 billion. At the same time, the two countries also signed an agreement on carrying out industrial construction and transformation projects in China. According to the latter agreement, the Soviet Union will help China transform a number of existing enterprises so as to support China's efforts for economic modernization.

This marks an important development in Sino-Soviet economic relations. The 1986-1990 trade agreement concluded by China and the Soviet Union on the principle of equality and mutual benefit will directly help the two countries' respective 5-year economic plans beginning next year. China will export mineral products, soybeans, corn, pork, fruit, tea, cotton cloth, knit goods, and chemical products to the Soviet Union in exchange for steel products, nonferrous metal, timber, electricity generating equipment, railway vehicles, automobiles, and airplanes. The development of trade between these two neighboring countries will help satisfy the needs of the people of the two countries and will be in the interests of the two peoples.

In April 1980, China and the Soviet Union did not renew their 30-year friendship and alliance treaty which was signed in 1950. Now the two countries have signed a new long-term trade agreement and a technical cooperation agreement. This reflects a new breakthrough in the two countries' economic relations. Aside from economic relations, the two countries have also increased cultural, art, musical, sports, and people-to-people exchanges in recent years. Although political differences remain between China and the Soviet Union, the two countries have decided that these political differences will not affect the development of economic and other relations between them. This approach, which "separates economic affairs from political matters," is in the interests of both peoples. Exchanges and contacts in the economic, scientific, technological, sports, and cultural fields will gradually increase friendship and mutual understanding of the two peoples and will help remove the obstacles to their political relations.

Of course, there is still a long way to go. However, the steady improvement of Sino-Soviet relations in recent years indicates that the leaders of both countries have the intention of restoring their friendly and good-neighborly relations.

When meeting with Arkhipov, the visiting first deputy chairman of the Soviet Council of Ministers in December last year, Premier Zhao Ziyang said clearly: "China deeply cherishes the traditional friendship between the two countries and two peoples of China and the Soviet Union, and sincerely hopes that Sino-Soviet relations will really improve and that the two countries will really establish friendly and good-neighborly relations." This statement demonstrated to the whole world China's sincerity for improving relations with the Soviet Union and China's aboveboard position on this issue.

China is going all out to develop her economy and needs a peaceful international environment.

However, factors of unrest and turbulence have lurked for many years on the Sino-Soviet borders. In addition, the Soviet Union's support for Vietnam and its occupation of Afghanistan have also posed threats to China's security in its border areas. But the Soviet Union insists on different viewpoints on these issues. These issues are the three obstacles to the development of Sino-Soviet relations, which China has repeatedly mentioned.

China's consistent position is that attention must be paid to these three obstacles and that the Soviet Union should take action to remove them. China holds that the smooth development of Sino-Soviet economic relations shows that as long as both sides take a positive attitude, they will be able to solve problems in their political relations.

Yesterday, Tikhonov, chairman of the Soviet Council of Ministers, met with Yao Yilin at the Kremlin. This protocol meeting also shows some substantial progress in Sino-Soviet relations.

So far, Sino-Soviet economic relations have been developing rather rapidly, while difficulties remain in their political relations. However, both China and the Soviet Union are carrying out economic reform and they both need to further strengthen their bilateral economic and technical relations. The two peoples supported each other in the old days of revolution and construction. Henceforth, the consolidation of the people's friendship will help settle the political differences between the two countries.

The world's situation is always changing. China's relations with the Soviet Union and other East European countries have changed from a long-standing frigid and stalemated state in the past into today's thaw which has brought about increasing economic exchanges. Provided China carries forward her independent and peace-oriented foreign policy which does not attach China to any big powers and separates economic affairs from political matters, China will certainly further improve her relations with the Soviet Union and with Eastern Europe as a whole. This will be in the interests of world peace and will be welcomed by all countries in the world.

SINO-UK LAND COMMISSION HOLDS FIRST SESSION

HK120203 Hong Kong SOUTH CHINA MORNING POST in English 12 Jul 85 p 1

[By Jimmy Leung]

[Text] The Sino-British Land Commission ended its first meeting yesterday -- one day earlier than scheduled. The next round of talks has been set for July 31. A joint press statement issued after the second day of the meeting said: "The two sides reached agreement on the working procedures of the commission and held consultations on the details for the implementation of the commission's terms of reference." The meeting, held in a school block at Victoria Barracks in Central, lasted just over three hours.

Both leaders, Director of Lands Mr John Todd and Mr Sun Yanheng, described the meeting as friendly and said it was held in a business-like atmosphere. Mr Sun is the deputy departmental director in the Hong Kong and Macao Affairs Office of the State Council. Mr Todd also said the question of lease documentation "will constitute the agenda" for the commission's next meeting. He added the lease documentation was the priority for both sides to sort out in the next round of talks. Mr Todd said: "We should be dealing with all the questions with the lease documentation which are closely connected one with the other."

Asked why the issue was so important, he said: "I think it is most important to ensure that we carry on without any hiccups in the land administration system." Mr Sun said the topic was "very important", adding: "Sale of land cannot begin if there is no lease documentation. Isn't that clear?" He declined to elaborate.

Asked why the three-day discussion was shortened, Mr Todd said: "We have managed to make very good progress today to clear up all the administrative points and there is no longer any need for a meeting tomorrow." Added Mr Sun: "We have made very good progress on our work and we finished three days' work in two days. It also saved you (reporters) from coming again tomorrow." Mr Todd said he and Mr Sun will maintain informal contact until the next meeting.

Under the Annex III of the Sino-British joint declaration, Hong Kong will only be allowed to sell 50 hectares of land each year. It also stipulates that premium income obtained by the government from land transactions shall, after the deduction of the average cost of land production, be shared equally between the government and the future special administrative region government. Mr Sun added that the question of land sale was not discussed, nor the broad questions relating to land.

The SCM POST has reported that the government is going to freeze all land sales until September to give the authorities time to bring in a new set of rules governing the sale of land. Under the Sino-British agreement major changes will have to be made to the lease conditions which currently apply to the sale of land. Two other members of the British side are Mr Noel Gleeson, the registra-general, and Mr John Chan, the deputy secretary of general duties. The Chinese side also comprised Mr Lee Wai-ting, director of the research department of the local office of the NEW CHINA NEWS AGENCY, and Mr Chung Shui-ming, senior researcher with the economic department of the same office.

BANK OF CHINA REVEALS INVESTMENT STRATEGY

HK100337 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS supplement) in English
10 Jul 85 pp 1, 3

[By Olivia Sin]

[Text] The Bank of China (BOC) group has formed a number of companies to carry out its investment plans in Hong Kong and China, a senior BOC official said yesterday. Among them are China Wave Investments Ltd, China Cheer Investments Ltd and China Development Investment (HK) Ltd, said Mr Xue Wenlin, a vice-director of BOC's Hong Kong and Macao regional office, which oversees BOC's 13 sister banks. Through China Wave, the BOC group has acquired a 20 percent stake in a newly-formed China trading firm, Tian An Development Co Ltd. Other shareholders in Tian An include Sun Hung Kai and Co (25 percent), China Resources (Holdings) Co Ltd (20 percent), the China-controlled Asia Travel Services (20 percent) and the managing director of Sun Hung Kai (China) Ltd, Mr Andrew Chow (15 percent). Mr Xue, also a director of Tian An, made the disclosure after a press conference to announce the official opening of Tian An.

China Cheer made headlines recently because of its shareholding in the Hong Kong Macao International Investment Co Ltd, which is behind the recently-launched Hong Kong Dragon Airlines Ltd (Dragonair), with a number of prominent local businessmen as its shareholders.

Mr Xue said China Development Investment (HK) Ltd enjoys the status of a member bank of the BOC group. It oversees the activities of China Cheer and China Wave.

China Development Investment is involved in providing loans for the coalfired power station in Shenzhen, he said. "In accordance with Hong Kong law, we (BOC group) have formed one new company to take charge of one new project," Mr Xue added. He would not give more details of the group's subsidiaries, nor disclose the amount of money the BOC group has invested in Hong Kong so far.

Apart from Tian An and Hong Kong Macao International, BOC holds major interests in Conic Investment Ltd and the China Cement Co. BOC bailed out Conic and China Cement with millions of dollars in new capital when the latter ran into financial difficulties. Mr. Xue said the BOC group invested in Conic and China Cement because "they have good prospects." While Conic is now on the road to recovery, China Cement is still struggling. Mr Xue blamed weakness in the local construction industry for China Cement's currently low production levels. But he said the BOC group is holding talks with several Chinese provinces which have shown interest in investing in China Cement. Fujian and Henan particularly are anxious to obtain supplies from China Cement to assist their building programmes. Mr. Xue said the BOC group also extended loans totalling \$4 billion for various projects in China last year. "The group's future investment in China will concentrate on areas such as industries, hotels and power stations," he said.

Tian An's managing director, Mr Andrew Chow, told reporters the company will invest in and trade with China as well as provide consultancy and financial services and act as agent. One of Tian An's plans is to build hotels in China for the middle market to help the tourism development. "There are too many deluxe hotels in China and we think it would be wise for us to build three-star or even cheaper hotels to cater to tourists," he said. "About 20 places in China are suitable for this kind of hotel development.... Tian An will select three to four to carry out our investment plan."

As reported earlier in BUSINESS NEWS, Tian An will co-operate with China to build a US\$12 million hotel in Kunming, Yunnan Province, and redevelop a street in Nantong, Jiangsu, into a tourist and commercial complex. Mr. Chow also confirmed that Tian An will assist Nantong to issue shares to raise funds for its redevelopment project.

Problems arise because China does not have laws covering the share-issuing activities of joint ventures. "It will be a breakthrough if we succeed in raising funds in this way," he said, adding that this will be seen as an important pilot scheme in China.

Tian An, with a paid-up capital of \$100 million, will acquire Sun Hung Kai (China) and SHK International Services Ltd to carry out its trading and investment activities. Mr Chow said the acquisition plans have not been finalised. He would not disclose the cost of the takeover.

Tian An will be headed by Mr Fung King-hey, chairman of the SHK group. Its directors include the vice chairman of SHK group, Mr Tong Fung, the vice chairman of BOC, Mr Jiang Wengui, the deputy chairman of China Resources, Mr Zhang Jianhua, and a director of China Resources, Mr Li Wen-zhi.

CPPCC MEMBERS INVOLVED IN NEW HONG KONG AIRLINE

HK110349 Hong Kong TA KUNG PAO in English 11 Jul 85 p 15

[By staff reporter]

[Text] The Hong Kong Dragon Airlines Co. (Dragonair), a Hong Kong incorporated airline, is expected to have its maiden flight with a Boeing 737-200 Advance to the mainland at the end of July.

Speaking at a press conference on 4 July, Mr Chao Kwang-piu, chairman of Dragonair, said that a business plan and operation manuals have nearly been completed. Final amendments are being made and they will be ready for printing shortly. He is confident that the company will have the Air Operator's Certificate (AOC) issued by the Civil Aviation Department by the end of this month.

In his capacity as Dragonair's chairman, Mr Chao visited Beijing from 21 to 27 June and met Mr Hu Yizhou, director of CAAC, Mr Guo Yunzhong, its deputy director, Mr Rui Lin, deputy director of International Affairs Department of CAAC, and Mr Li Shufan, former director of the department.

During discussions, Mr Chao exchanged views with the CAAC leaders about the establishment of the airline and its plan to fly to destinations in China. He said that he was satisfied with the achievement of his China trip and felt greatly encouraged.

Incorporated in Hong Kong on 24 May, Dragonair is a subsidiary of Hong Kong and Macao International Investment Co. (HKMII). It has a paid-up capital of HK\$500 million, of which, HK\$470 million is owned by companies incorporated in Hong Kong or by permanent residents of Hong Kong, Mr Chao, concurrently chairman of HKMII, disclosed.

HKMII has 31 shareholders including China Cheer Investment Ltd, China Resources (Holdings) Co. Ltd, China Merchants Steam Navigation Co. Ltd, Mr Ma Man-kei and Mr Henry Fok.

Asked on the company's plan, Mr Chao noted that at first they will deal with non-scheduled chartered operations. Like other international airlines, Dragonair's aims include scheduled chartered operations. The company will look for passengers from tour groups, travel agencies and the business sector. On whether the company will offer competitive fare prices, he said that it would be managed at commercial rate.

Dragonair has its first Boeing 737-200 Advance leased from GPA Group Ltd of Ireland. At present the aircraft is being checked and maintained by the Hong Kong Aircraft Engineering Co. Ltd, Mr Chao said, adding that four aircrafts are expected to be put into service in the next two years. He disclosed that Dragonair has already employed eight flight deck crew members from the UK and recruited 16 flight attendants locally. The flight attendants are now undergoing an overseas training program approved by the Civil Aviation Department. Mr Chao pointed out that Dragonair is determined to localize its administrative, management, flight deck and engineering staff. To realize the policy of localization, four of the employed flight deck crew members are pilot instructors who are ready to train a new generation of Hong Kong pilots recruited locally by the airline. So far a pilot trainee who is a Hong Kong born Chinese and has had flying experience has been recruited.

GUANGZHOU AIRPORT OPERATING AT NEAR CAPACITY

HK120211 Hong Kong SOUTH CHINA MORNING POST in English 12 Jul 85 p 8

[From the "South China Beat" column compiled by Timothy Jim: "Aviation Growth Is a Problem"]

[Text] The Guangdong civil aviation authorities are facing the same problem as their Hong Kong counterparts -- should they build a new airport or upgrade existing facilities. With air traffic recording strong growth, calls have been made for the province to follow the example of other major cities and develop two separate airports -- one domestic and one international. At present the province has an international airport outside Guangzhou (Bai Yun or White Cloud) while the Shenzhen Special Economic Zone is planning its own international airport.

One suggestion being considered is that a new international airport be located between Guangzhou and the Special Economic Zones at Shenzhen and Zhuhai (which would also be provided with domestic airports). This concept calls for Bai Yun to handle domestic flights only.

An official of the Guangzhou branch of Civil Aviation Administration of China, in confirming the proposal, said that it was a long-term strategy which would not be completed before the year 2000 if approved.

Bai Yun airport is now close to capacity and expansion is badly needed to cope with growth in traffic over the last few years. Passenger figures have been rising at a staggering 40 percent a year since 1983. Indeed, the number of outbound passengers at Bai Yun has long passed that of Beijing airport. On average 8,000 passengers arrive and leave through Bai Yun every day and the peak season figure tops 10,000. Despite being at capacity, the Chinese civil aviation authorities nevertheless allow Cathay Pacific Airways to use Bai Yun for pilot training and several Boeing 747 flights are made each week by the Hong Kong airline in return for this important training facility, CAAC Guangzhou charges Cathay about one third the normal commercial rate for using the airport.

The Guangzhou CAAC branch is a regional administration and it has authority over five provinces -- Guangdong, Guangxi, Hubei, Hunan and Henan. To cope with growth, plans are in hand to provide Bai Yun with a new terminal for international flights while the present terminal -- built in the 60s -- will cater for domestic flights. Final approval has yet to come for the 45 million yuan (about HK\$1.2 billion) project. The new 30,000 sq-metre terminal would be almost three times as large as the present one and it would have four or five "fingers" to connect with aircraft. At present Bai Yun does not even have airport buses and passengers have to walk between aircraft and the terminal.

The new terminal is expected to take two years to complete but no date has been set for the start of construction. The authorities are understood to be eager to attract foreign investors to finance the project but formal negotiations have not begun. However, there have been preliminary talks with companies from various countries including Hong Kong. The new terminal will enable the Bai Yun to handle 15,000 incoming and outgoing passengers a day.

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